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TIME

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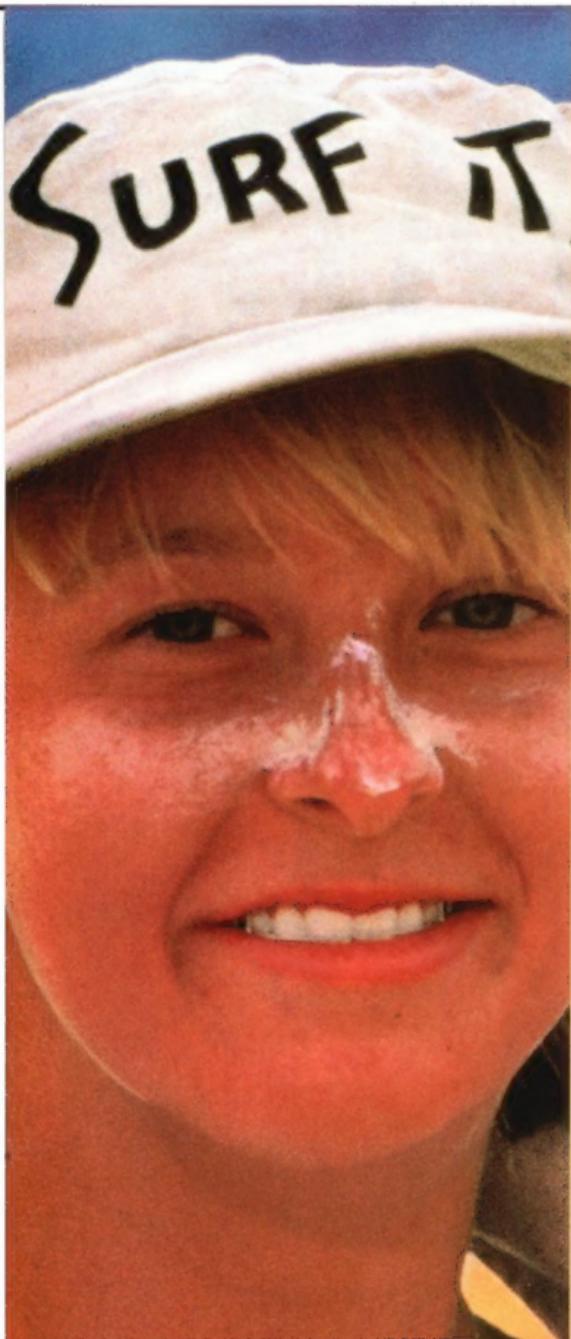
The U.S. Gets Tough with Japan



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Then, suddenly, American business found itself in a new era of worldwide competition and technological explosion. The Eighties had dawned in Detroit.

The entire auto industry and its suppliers were in crisis. Sell-offs and bailouts began. Some companies failed and others moved operations overseas. Great factory towns became ghost towns. The "rust belt" became a part of American geography. The choice for General Motors was to squeak by with cosmetic changes and wait for the return of business as usual. Or dare to set the pattern for an industrial renaissance in America.

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COVER: The U.S. and Japan face off for 28 a politically dangerous trade row

A microchip no larger than a few grains of rice has produced one of the most serious disputes between the two powers since World War II. Tempers are growing short in both Washington and Tokyo, and diplomats fear that problems could escalate. Europeans are joining the fray, thus causing concern about a rising tide of global protectionism. See WORLD.



ART: A \$39.9 million painting sends the 80 market to new heights—or depths

Stunned by last week's record price for Van Gogh's *Sunflowers*, the art world looks for reasons. But the sale—no less than the \$50 million auction of the Duchess of Windsor's jewels—is only a symptom of hype and greed. The public sense of art is demeaned as a wealthy entrepreneurial class fixates on "masterpieces" and private collectors drive museums out of the market.



FOOD: Dining in China can be wonderful—if you know where to go

After decades of neglect, the People's Republic of China is trying to regain the glory of its ancient cuisine. As TIME Food Critic Mimi Sheraton discovered, Western travelers may encounter some disappointments, but with perseverance, sumptuous feasts and delicious exotica—as well as good street food—can be found. A guide to the country's best restaurants.

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Congress deals a blow to a weakened but combative President by overriding Reagan's veto of the highway bill. ▶ States vie for the superconducting supercollider accelerator. ▶ Marine guards often turned the U.S. embassy in Moscow into an "Animal House." ▶ Former Quarterback Jack Kemp's game plan for '88 presidential race.

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In Chile, the Pope calls for human rights. ▶ Guerrillas attack the Salvadoran army and kill a U.S. soldier. ▶ Thatcher in Moscow.

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Baby M. is awarded to her father, but the custody battle promises to continue. So does the fight over surrogate parenthood.

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Burger bashers, watch out! McDonald's is on a roll again. ▶ Banks boost the prime rate and concede trouble on Brazilian loans.

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College basketball's fractious Knight takes the title back home to Indiana. ▶ Mets' fears are realized: Dwight Gooden on drugs.

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Cover:
Sculpture by Ajin,
photographed by Tobe

A Letter from the Publisher

I discovered one of the more pleasant aspects of my job last week when I met with a select group of young men and women on the 48th floor of our New York City headquarters for the second annual presentation of TIME's College Achievement Awards. They were 18 of the 20 winners of \$2,500 scholarships and more than half of the 80 finalists, who each received \$250, in an intense competition to select this year's outstanding U.S. college juniors. Congratulating them on their accomplishments, TIME's Managing Editor Jason McManus also warned them of the challenges ahead. "Competent or not, ready or not, you will end up in charge," he said. "It is you, in your time, and those like you of your generation, who will make America work. Or falter."

Judging from the quality of last year's awardees, five of whom were among the nation's 32 Rhodes scholars named in 1986, this year's contingent promises much in terms of that crucial competence. It includes the inventor of a hand-held computer scanner, a part-time Washington lobbyist against federal deficits and a professional ballerina turned budget analyst. Diversity is the rule. Eric Gaidos plots schemes for the exploration



George Bush with some of the winners of this year's awards

of Mars at the Jet Propulsion Laboratory at the California Institute of Technology. Martha McSally, a biology major and triathlete, helps oversee basic training at the U.S. Air Force Academy. And there is William Anton, who, when not earning straight A's at Princeton's Woodrow Wilson School of Public and International Affairs, is in the ring training for a shot at the U.S. Olympic boxing team.

Despite their varied interests, the winners seem to have one quality in common: a social conscience. That trait is perhaps best summed up by Louisa Smith, a student of public policy at Harvard-Radcliffe College. Before leaving for Washington with her fellow achievers to meet Vice President George Bush,

who had expressed interest in chatting with this year's winners, Smith talked about her commitment to the inmates of the prisons and mental hospitals she has been visiting since high school. "I may never solve all the problems I have seen," said Smith, "but I cannot walk away from them."

Robert L. Miller

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You have probably been reading or hearing about a natural food substance called Beta Carotene. Newspapers, such as *The New York Times* and *U.S.A. Today* have been reporting on research findings published in leading professional publications on the association between Beta Carotene in the diet and lower incidence of certain cancers.

For example, *The New England Journal of Medicine** recently published a study done at Johns Hopkins University which showed a significantly lower occurrence of lung cancer in a group of people who had high blood levels of Beta Carotene. Based on these findings, it makes sense to eat foods rich in Beta Carotene. In fact, that is one of the recommendations made by the National Cancer Institute and the American Cancer Society.

Where can you find Beta Carotene? In dark green leafy vegetables like broccoli, spinach, kale, Swiss chard and greens from beets, collards and turnips. Also in yellow-orange vegetables like carrots, pumpkins, sweet potatoes. And fruits like apricots, peaches, papayas, cantaloupe and similar melons.

Including these foods in your diet isn't just another fad, it's a sound idea for anyone who is looking for ways to help reduce cancer risk. Remember, in addition to including plenty of fruits and vegetables in your diet, don't smoke and get regular medical check-ups.



*"Serum Beta-Carotene, Vitamins A and E, Selenium and the Risk of Lung Cancer"
New England Journal of Medicine, Nov. 15, 1986.

A health message from Hoffmann-LaRoche Inc.

ROCHE

Letters

1987's Supernova

To the Editors:

After reading your article on the exploding star (SCIENCE, March 23), I went outdoors and looked up in awe at our friend the sun. It was a relief to know that I need not worry about the sun's demise for a while. At the same time, I was so fascinated with its relative stability that I stayed out too long and got sunburned.

James Anthony Frances Kerwin
Los Angeles

The universe is a perpetual source of wonder. The Big Bang theory affirms my belief in a cosmic intelligence far more than any scriptural authority could. It is also humbling to be reminded that life originated in exploding stars scattered throughout the cosmos.

Mark I. Rosen
Madison, Wis.

I am a research ecologist, and I spend all of my time studying tangible natural phenomena on our planet's surface. Your exciting article on supernovas allowed me to expand my perspectives and forced me to ask the inevitable question: Just how significant are we?

David M. Leslie Jr.
Stillwater, Okla.



Turning to Suicide

As a 14-year-old, I can tell you that the main reason teens commit suicide is because they want attention (NATION, March 23). When parents find out their children are not perfect little darlings, the adults get angry. Parents could help teenagers by understanding their problems before it is too late. The more anger the parents show, the more the teens want to kill themselves.

Michelle L. Fraze
North Lauderdale, Fla.

All of us, young and old, are sustained by hope and affection. Unless we who are parents spend less time worrying about the status of our mutual funds and spend more time trying to understand our children, we are going to keep losing our teenagers to suicide and wondering why.

Shubroto Chatiopadhyay
Milwaukee

I am a sixth-grader and thought your article on teen suicide was excellent. I hope young people realize the danger of killing themselves. Personally, I have never wanted attention badly enough to die for it. Teenagers should know that if attention is so important, there are better ways to get it than death.

Autumn Ray
Bridgeport, Texas

My heart bleeds for the families of the teen suicides. I know. My 16-year-old grandson committed suicide by hanging. Our family will spend the rest of our lives wondering why, and we will never know.

Eloise Grardin
Pensacola Beach, Fla.

The teenage-suicide rate has caught up with that of adult suicide because young people are using drugs to replace faith. The group who committed suicide in New Jersey, and who self-mockingly

TIME



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Still Running For
Doug Pauls, Pawnee, OK



Born 1958
Still Running For
Joseph Linkogel, Maryland Heights, MO



Born 1959
Still Running For
H.A. Kassube, Fraser, MI

AMERICA'S LONG RUNNING

called themselves burnouts, made drugs and cynicism their creed. Their self-pity led to drugs, which led to depression. They saw their chance for a bit of fame through death. I have little sympathy for those who look to false gods, meet disaster and then have society blame their parents and teachers.

Carol Miller
Palos Heights, Ill.

Vatican Views on Conception

The Vatican's *Instruction on Respect for Human Life* (RELIGION, March 23) is saying that human life is so sacred that no scientific experimentation can be justified. There is no shortage of children in this world. I would hate to find myself on Judgment Day having to explain why I found it so important to have my own children when there are so many homeless, starving and abused youngsters to care for. The obvious conclusion would be that I was thinking of myself more than the child I wanted.

Harold Doherty
Bremerton, Wash.

As a Roman Catholic, I was disappointed that the Vatican has again placed the church at odds with advancements in science and medicine. It is ironic that the high priests of an omniscient being would outlaw intellectually powered discoveries rather than praise the value of what the

Creator has given man the ability to discover. The church seems to diminish God's miracle of life by concerning itself with whether a loving couple creates that miracle in a uterus or pursues it even unto the test tube.

Henry J. Spring Jr.
Fairfield, Conn.

I can agree with only one issue in the Vatican's denunciation of artificial procreation, and that is with its position on surrogate motherhood. This method of conception is horrendous and results in legal, emotional and social problems. At the very least, we should pass strict laws regulating surrogate motherhood. At best, it should be outlawed.

Mary H. Hirschmann
White Plains, N.Y.

The Vatican's rejection of all forms of technologically aided reproduction is a cruel slap for many Catholic couples who are childless. Occasionally we use our new powers foolishly, but to abandon the gifts of science, which offer hope to 4.5 million infertile couples, is equal folly.

Mark Perloe, M.D.
Columbia, Md.

I am very happy that the Vatican has taken a tough line on the new "procreative technologies." It is the church's duty to set uncompromisingly high moral standards. Only then can we hope to maintain

the proper human values. In India, where abortion has been legalized for several years, the advent of even an ordinary procedure like amniocentesis has created havoc. In a society where male children are preferred, female feticides have shot up to such an alarming extent that the authorities are contemplating a law to ban prenatal sex determination.

George Thomas, M.D.
Bombay, India

The Nazis stole blue-eyed, blond-haired youngsters from invaded territories, claiming they were providing childless German couples with happiness. Nevertheless, these acts were monstrous and inherently evil. The Roman Catholic Church is courageous in pointing out to a shallow and callous civilization that life should never be turned into a commodity, no matter how justifiable the ends may be.

Edward J. Baker
New York City

Rumor Mills

The study of rumors (BEHAVIOR, March 16) is nothing new. While stationed in the U.S. embassy in Moscow in 1967-68, I was expected to collect gossip. I passed on rumors I heard not only from Soviet citizens but from contacts in other embassies. The rumors were analyzed to see how they had changed from when



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Letters

they were first heard. Because there is no free press in the U.S.S.R., this was one of the few ways to gauge how the average Soviet citizen was thinking.

Sam Warren, President
Warren Communications
San Diego

Endless Testimony

I have put a copy of your article describing the longest jury trial [AMERICAN SCENE, March 23] on the board of my law office. The story is a good example of an attorney's nightmare. I applaud the lawyers for their endurance but question their reasoning. If any money is awarded to the 65 plaintiffs who are suing Monsanto Co., the amount will be so small by the time expenses are paid that the trial will seem fruitless. This kind of action takes up valuable court time and is one reason reform is needed. The only visible good that has come from this episode is the new friendships that have developed among the jury, who are the real heroes.

Theresa B. Barwick
Augusta, Ga.

Sakharov Speaks Out

In his discussion of the nuclear arms race [WORLD, March 16], Andrei Sakharov shows that he transcends national loyalties and emphasizes human survival. It is voices like his that we should listen to. The saneness of his vision may yet nudge the superpowers toward establishing a safer world that will not foreclose on the future of our children.

Lauren V. Zeilig
Toronto

Sakharov is best known and respected in the West as a critic of the Soviet political regime. His criticism, however, goes much deeper. His views on the convergence of the socialist and capitalist systems, while contributing to a necessary redefinition of the old doctrine of peaceful coexistence, also shatter the fundamental creed that socialism is essentially a new stage in the history of mankind. In the speeches he published in TIME, Sakharov deals with socialism and capitalism as two versions of what is basically the same civilization, the technological-utilitarian civilization that is our age. More important still: not only does he condone this society, he is a man of its establishment. And this I find disappointing. For those of us unable to regard this civilization as our home, how much more stimulating was the expatriate Soviet Film Director Andrei Tarkovsky than Andrei Sakharov!

Alvaro Luis Antunes Pina
Lisbon

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

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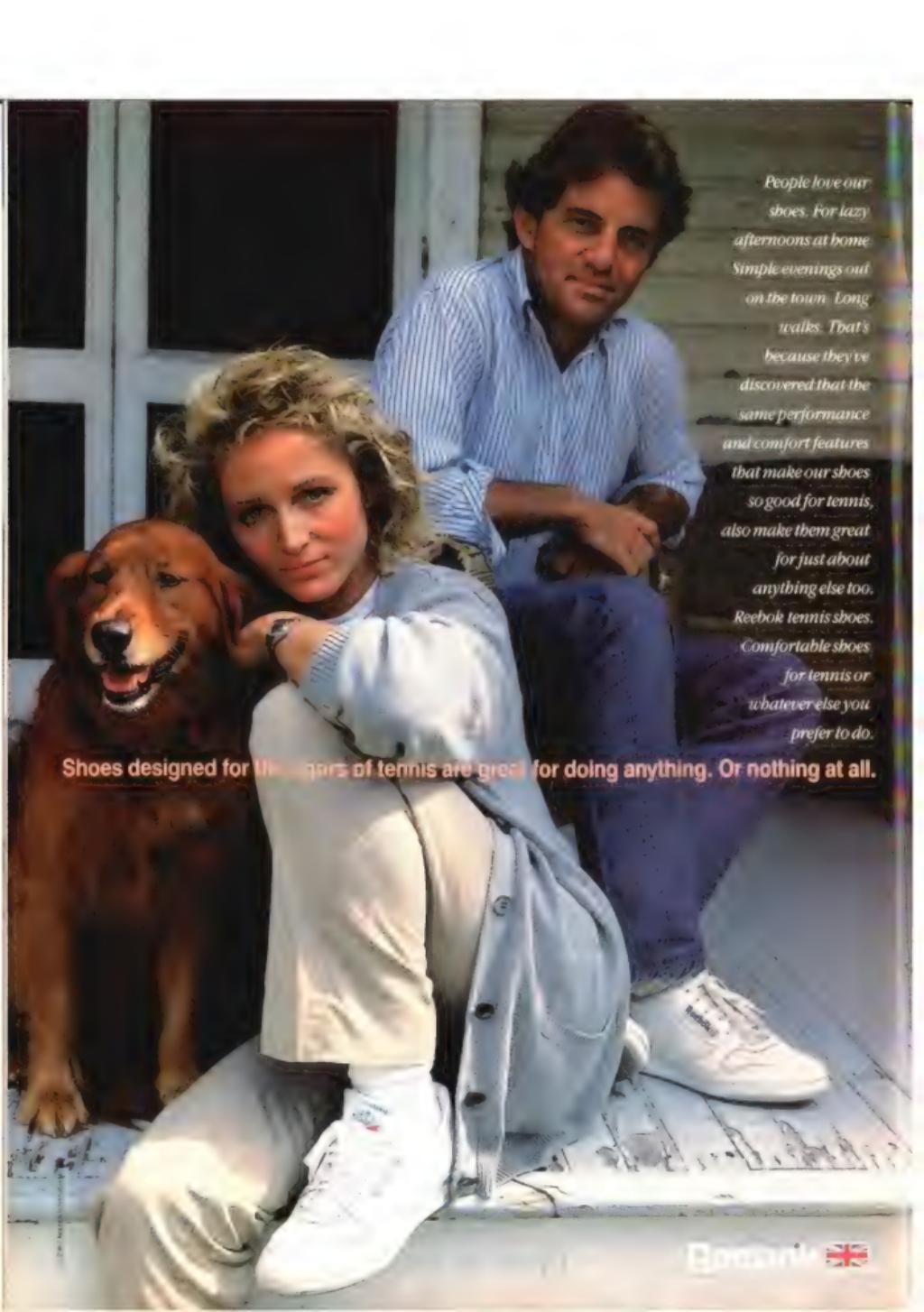
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American Scene

In Florida: Sweet Charity



After the race: Drivers Cassini, Bokamper, Plimpton, Stabler, Mizerak and Steinbrenner

Celebrity sporting events are like happy families in a Russian novel they're all alike. Only the celebrities and the sports change. A number of celebrities, most of whom have nothing in common except that they are celebrities, get together to compete in a sport in which they have no expertise for a number of rewards, the most important of which is money to be donated to their favorite charities.

The George Plimpton Celebrity Challenge Cup Harness Race held recently at the Pompano Harness Track in Pompano Beach, Fla., was just such an event. There was a fruit pudding of celebrities: George Plimpton, the author and New York City bon vivant; George Steinbrenner, the New York Yankees' Teutonic owner; Ken Stabler, the former Oakland Raider quarterback; Steve Mizerak, the world champion pool player; Kim Bokamper, the mammoth Miami Dolphin football star; and Oleg Cassini, the aristocratic little Italian fashion designer. Each one of them put on colorful racing silks designed by Cassini and then climbed into harness sulkiies. They guided their spirited horses at a brisk trot around the track as if they were aristocrats circling an Edwardian park. The celebrities treated the race with the mock seriousness typical of such events. Their real goal, besides the charity, was to have fun without making absolute fools of themselves. Except, that is, for Steinbrenner, whose only goal in everything he does is to win, which often guarantees that he makes a fool of himself. "George owns his own harness horses," said Plimpton, "and feels he has to uphold his image."

There is a big pond on the infield of the Pompano Harness Track, and that is where Steinbrenner threatened to "dump the little guinea bastard," as he referred to Cassini, if the designer dared get in his way during the race. Steinbrenner was

miffed because Cassini, who was once Jacqueline Kennedy's White House couturier, had been given the favored, inside rail position to start that race, probably in deference to his age. Cassini is 73 years old. He is a charming little man who looks like he weighs about 110 lbs., and who has aged gracefully.

Aging gracefully is not a characteristic often associated with Steinbrenner, nor is deference. He practiced daily at the track, while the other celebrities pursued their usual interests. Plimpton arrived in Florida only hours before Thursday's afternoon press conference. He sat at the bar—a tall, gangly man, who resembles a preppy, perpetually disoriented tropical bird—and nursed a gin and tonic while mourning that he had had only a few hours sleep.

"I was at a party in New York until 4 a.m.," he said. "I'm not very good company." When he was told that the New York *Times* reported he had been at that party along with Raquel Welch and Catherine Deneuve, Plimpton perked up "Really?" he said. "Mahvolous! I never saw them."

Ken Stabler, who is known as the "Snake," was nowhere to be found on the day before the press conference, even though he had supposedly come to Florida weeks before. Kim Bokamper, the Miami Dolphins' star defensive end, was hurriedly called as a replacement. Bokamper remained in the race even when Stabler appeared at his hotel at 7:30 a.m. on the day of the press conference. Stabler changed his clothes and hurried to the track, where he spoke to the press in his nasally Southern drawl. He gave an athlete's standard MVP acceptance speech. He thanked almost everyone in the room for making it possible for him to appear at this event; he spoke glowingly of horses as



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American Scene

"fellow athletes," and then he sat down at a table and combed his long, gray, swept-back hair while everyone else was eating.

It was an oddly muted speech for a man who titled his latest book *Snake: The Candid Autobiography of Football's Most Outrageous Renegade*. Stabler has always had a reputation for hanging out with unsavory types on his home turf of the "Redneck Riviera." But that Stabler was nowhere in evidence.

Mizerak weighs almost 300 lbs., which is not exactly the median weight for a sulky driver. He is a huge, slow-moving man who wheezes heavily when he walks. At first he seemed an odd choice for a celebrity event. For years, he had been a champion pool shooter, unknown outside his sport until he made a Lite beer commercial that made him famous. In that commercial, when he finally made a trick shot he had flubbed through many takes, his unseen camera crew burst into applause. The applause was kept in the commercial. Now, at the press conference, he was almost as well known as the other celebrities, even if he did look like a man who sells bowling trophies.

The star at that press conference was Cassini. He sat at a table with a striking, dark-haired woman in a black pants suit and cowboy hat, and was besieged by well-wishers, most of them women. When he got up to speak, the women "oohed" and "aahed," and one said out loud, "Oh, he's sooo charming." He was also, despite his age and slight build, the most macho-seeming celebrity there.

He spoke in his throaty smoker's voice, with more than a hint of an Italian accent. "You know," he said, "we like to say we do this for the children, but we should admit that we celebrities have unhealthy egos. We are winners in our professions because we are real bastards. I want to beat you other bastards, but I have no experience in this. I was only recently thrown in the arms of my trainer Debbie." He gestured toward the woman in black, who smiled. "Now I didn't mind this. I am just happy to participate. After all, I represent the most effete, decadent branch of all these celebrities. These other guys are manly. I'm a designer of dresses. What happens if a dress designer wins this race?"

Mizerak growled out, "He'll get a fist in the chest." Everyone laughed.

"In that case," Cassini said, "then maybe I'll wear a dress in the race."

He sat down to applause. Plimpton said to a companion. "Don't let Oleg fool you. He's the most competitive man I've ever known. Did you know he was a champion tennis player in Italy? Oleg hates to lose."

The press conference ended with track Vice President Allen J. Mikelson thanking Steinbrenner, who could not be there, for being a prominent American citizen. It was unclear when everyone applauded whether it was for Steinbrenner's citizenship or

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Designer Cassini came to compete

his absence from the press conference.

An hour before the 8 p.m. race, Plimpton lounged on a sofa in Finkelson's office. He chewed the end of his reading glasses while someone told him that Steinbrenner was not pleased with the length of the race. "Oh, is George acting up again?" Plimpton said. Then he unfolded himself from the sofa and began the long walk through the darkness toward the paddock. He carried a disheveled-looking gym bag with his racing silks, all of which were designed by Cassini. Plimpton's jockstrap was hanging precariously out of his bag.

Mizerak, meanwhile, was in the drivers' second-floor recreation room, giving an exhibition of trick shots on their shoddy pool table.

A few minutes before the sulkiés were brought out, the celebrities all stood around in the darkness of the paddock area in tight little pockets with their friends. They were nervous now. Plimpton paced back and forth, switching his riding crop against his leg. Cassini was standing with his trainer, Debbie Eviszor, who was now wearing a red suede dress with lots of fringe, which did not look as if it had been designed by Cassini. Bokamper and Stabler were talking about Bokamper's horse, which had been rearing up in practice. "I'll just put a choke hold on him," said Bokamper, 6 ft 5 in., 280 lbs. Steinbrenner stood in a corner with his trainer and conferred in conspiratorial tones about their race strategy.

When the race began, Steinbrenner grabbed the lead and hugged the rail. He led all the way and whipped his horse home to victory.

Back at the paddock after the race, Cassini congratulated Steinbrenner on his victory. Steinbrenner, magnanimous in victory, told Cassini how much he admired his courage just for competing at his age.

"Thank you, George," Cassini said. "That means a lot coming from you."

Plimpton, who finished last and who has made a writing career out of his sports failures, was grinning as he returned to the paddock. "All I saw from beginning to end was rear ends," he said. "I never saw so many rear ends in my life." He threw back his head and laughed. —By Pat Jordan

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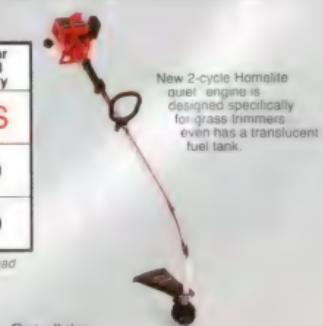
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TIME/APRIL 13, 1987

Road Warriors

Congress goes into override for an \$88 billion bill

The budget-busting highway bill was more than the troubled President could endure: "Have you looked at the condition of the Treasury, at the amount of money it contains, at the appropriations already made by Congress, at the amount of other unavoidable claims upon it?" That President was Andrew Jackson in 1830, and he had enough political clout to make his veto of the Maysville Road Bill stick. The graved National Road that aroused Old Hickory's ire has, of course, evolved into today's 44,000-mile Interstate Highway System. But the 19th century conflict between pork barrel and public purse endures as a staple of American democracy, often pitting a fiscally conscious President against a Congress determined to deliver better transportation to the voters who elected it.

So it was again last week as the House, overwhelmingly, and then the Senate, after a stop-and-go drama, overrode Ronald Reagan's veto of the \$88 billion highway bill. For a President determined to put the political damage from Irancon in the rear-view mirror, the final 67-33 defeat in the Senate was an unwelcome reminder of his weakened political condition. But after months of lassitude Reagan put the full force of the presidency into his search for that elusive final vote. In fact, as jarring as the defeat was, it could end up strengthening the President: the personal energy he put into defeating the bill reinforced his image as a warrior against Congress's profligate pork-barrel ways, and it is likely to quiet fears that he is detached, out of touch and content to serve out the last 21 months of his presidency as a ceremonial caretaker.

On the morning of the final vote, Reagan knew the odds were against him: all 54 Senate Democrats opposed him, as did 13 Republican defectors. Even so, he rejected the option posed by Chief of Staff Howard Baker that he quietly accept defeat rather than risk losing more political capital on a hopeless cause. The President also dismissed Senate Minority Leader Robert Dole's warning that his chances of success could be as low as 1 in 100. Instead, with the firm declaration "I want to do it," Reagan traveled the extra mile

down Pennsylvania Avenue from the White House to the Capitol to plead personally with Senate Republicans for the single vote he needed to sustain his veto.

Meeting with all 46 members of the Republican minority in the ornate Old Senate Chamber, the President began by quoting from the same folk ballad that he used in acknowledging defeat at the 1976 Republican Convention: "I am wounded but not slain. I will rest awhile. But I will rise and fight again." Then Reagan uttered six words that Presidents use sparingly at best: "I beg you for your vote." The G.O.P. Senators, awkwardly divided

between loyalists and mavericks, at first responded to the President's plaintive appeal with stiff formality. Then one of the rebels, Senator Steven Symms of Idaho, suggested that all 13 holdouts switch their votes as a bloc. "I wouldn't be the only one to go," said Symms, "but I'd go if I were one of 13."

Buoyed by this glimmer of hope, Reagan met privately with the 13 recalcitrant Republicans in Dole's office. Most spoke of how their anguish about deserting the President was outweighed by the highway needs of their states; some cited the bill's provision raising the speed limit to 65 m.p.h. on rural interstates. Reagan restated his position that all he wanted was a clean bill, one stripped of the \$890 million for 121 local "demonstration projects" that had fueled his charges of pork barrel. At that point Missouri Senator John Danforth revived the Symms bloc-vote proposal, and Senator Alfonse D'Amato of New York said he was thinking of going along.

For a moment it looked as if Reagan might snare a dramatic last-minute victory. But then Senator Arlen Specter, a moderate, wielded his own veto. Specter, whose home state of Pennsylvania reaped one of the largest bonanzas from the demonstration projects (\$78 million, including



LOS ANGELES, CALIF.
Mass transit
\$4.5 billion

CORBIS
PICTURE GROUP

BLOOMINGTON, MINN.
New bridge
\$40 million

DALLAS, TEXAS
Expressway reconstruction
\$109 million

PHOENIX, ARIZ.
Interstate linkup
\$182 million

KEN SIEVERS

a sorely needed \$45 million road improvement near Altoona), said he had too much at stake in the bill to give it all up. None of the 13 Republican defectors were willing to switch their votes and support the President unless all did; they remembered that G.O.P. Senator Slade Gorton of Washington lost his seat last fall after admitting he had traded his vote in a similar last-ditch situation to win White House support for a judicial appointment he favored. With Specter refusing to go along, the plan fell apart.

The drama of the final showdown was heightened by the fact that Reagan had won an initial Senate roll call the previous day. At the last minute of that tally, freshman Democratic Senator Terry Sanford of North Carolina broke party ranks and voted to sustain Reagan's veto. Majority Leader Robert Byrd, after some deft parliamentary maneuvering, forced a reconsideration of the vote. Then he went to work on the 69-year-old Sanford, a courtly former North Carolina Governor and president of Duke University. Within a few hours, confessing that he was "slightly confused" during the initial vote, Sanford executed an awkward pirouette.

Sanford's brief apostasy illustrates the pressures that can overwhelm a new legislator during the final moments of a cli-



Veto time: "I am wounded but not slain"

mactic roll call. Picture the chaotic scene on the Senate floor: Sanford, who has not yet voted, is surrounded by a tight knot of Democrats demanding party loyalty. Sanford owes his seat to last year's Democratic tidal wave in the Senate, but he has promised state officials back home that he will vote to sustain the veto—not because the bill is a bloated budget buster but because the overall funding formula

does not provide enough for North Carolina. Like a commando operating behind enemy lines, Assistant Republican Leader Alan Simpson of Wyoming moves in for a word with Sanford. The Democrats literally try to elbow Simpson away. Simpson has just seconds to deliver his message to Sanford: "Five years from now, no one will remember how you voted on the highway bill. But they'll remember if you didn't keep your word." Simpson's warning had enough weight to sway Sanford's vote, at least for a day. But in his vacillation, Sanford left Senate Democrats with bitter memories that may also outlast the highway bill.

The pyrotechnics in the Senate left no time for any serious debate over the merits of the 121 demonstration projects at the heart of the struggle. The \$890 million cost of the projects amounts to barely 1% of the overall bill. But these individual road programs, each catering to the needs of specific congressional districts, symbolize the perennial difficulty in a representative democracy of defeating any spending measure that spreads its benefits across the political landscape.

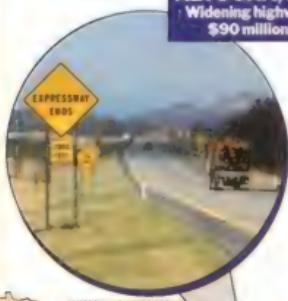
The larger issue underlying the veto fight was serious: Should Congress have the right to mandate the construction and repair of individual roads and bridges? Almost all the money in the

\$8 billion, five-year authorization bill is passed on to the states according to complex allocation formulas. But legislators know that it is hard to take credit for such indirect funding in a 30-second campaign spot. So in 1982 Congress decided to build a few roads and add a few expressway exits on their own. Thus was born the demonstration project, a legislative fiction that claimed these congressional highways, byways, off-ramps and repair programs were merely scientific experiments to advance the art of roadbuilding.

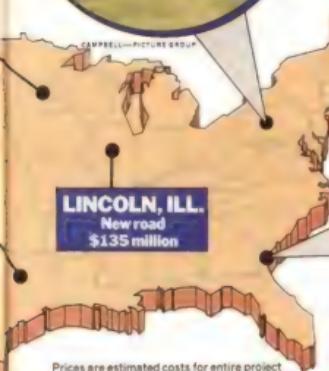
Some of the purported "research" justifications for the demonstration projects in the current bill sound as if they were lifted from a Monty Python skit. Building a road and an access ramp from U.S.

Route 219 to the Johnstown (Pa.) Flood National Memorial is described in circular fashion as "demonstrating methods of improving public access to a flood memorial." What is the construction of two parking lots on the Southwest Side of Chicago supposed to prove? According to the legislation, the lots will "demonstrate methods of facilitating the transfer of passengers between different modes of transportation." But each of these projects has a zealous congressional defender ready to haul it as a boon rather than a boondoggle. Democratic Congressman William Lipinski is the man behind the \$3 million Chicago parking lots, which are designed to serve a

ALTOONA, PA.
Widening highway
\$90 million



BOSTON, MASS.
New artery and tunnel
\$3.1 million



Prices are estimated costs for entire project

SAVANNAH, GA.
New bridge
\$90 million



rapid-transit line that will not be completed until 1992. "The lots tie directly with the mass-transit line," Lipinski says. "There's no pork here."

Even critics admit that many of the demonstration projects will alleviate serious local bottlenecks and spur economic development. Take the \$53 million in federal funds to raise the height of the 136-ft.-tall Talmadge Memorial Bridge spanning the Savannah River. According to Georgia officials, the Port of Savannah has lost an estimated 1 million tons of shipping because modern container vessels cannot get under the existing bridge. "Something has to happen," says Robert Goethe, assistant director of the Georgia Ports Authority. "The ships are getting bigger, and the bridge is not getting taller."

But the question remains whether



After the override: lobbyists and highway backers congratulate Byrd

even the most laudable local programs need to be funded through explicit clauses in the highway bill. After all, the bill already gives states \$81 billion in discretionary authority to use on eligible projects as they see fit. David Chapin of the Maryland department of transportation

admits that his state had been planning to pay for three of its demonstration projects (\$34 million) that were included in the bill. Skeptics might wonder in this case why Montana taxpayers should help Maryland residents foot the bill.

The \$890 million in demonstration projects works out to just \$2 million per congressional district spread over five years. Even though, to paraphrase the late Senator Everett Dirksen, a million here and a million there eventually add up to real money, that is a pretty meager sum alongside the public-works projects that used to be whooped through Congress in the days before the deficit doldrums. As Republican Congressman Jim Bunning of Kentucky cracked, "Calling this a pork-barrel bill is like calling a strip of bacon a luau."

Boon—or Boondoggle?

To Republican Congressman Robert Walker, the \$88 billion highway bill is filled with "page after page of pork-barrel projects." But to drivers stuck on Boston's "distressway," inching along Illinois 121 toward Peoria, or stewing in traffic in hundreds of other communities, funds for new roads, bridges and tunnels cannot come soon enough. Some of the most urgent—and the most questionable:

Los Angeles: Metro Rail. Planned as the area's first rapid-transit system since the "red car" rail network was scrapped in the 1960s, the 20-mile, \$4.5 billion subway is nonetheless considered extravagant. Construction began last fall on the first, 4.4-mile downtown segment, which will cost \$1.25 billion, with \$570 million coming from Washington. Opponents favor less costly projects, like surface railroads along existing freeways. One critical slogan: "Stop the Subway and Save Mass Transit." The highway bill gives L.A. another, more widely praised plum: 27 smaller projects, valued at \$74 million, to improve gridlocked roads around the Port of Los Angeles—Long Beach.

Phoenix: Papago Freeway. Just 26 blocks of roadway downtown is needed to complete the 2.484-mile Interstate 10 from Jacksonville, Fla., to Los Angeles. Price: \$182 million. Federal share in the bill: \$28 million.

Dallas: North Central Expressway. This aging artery to the northern suburbs of Richardson and Plano has been overloaded for years. Eight miles of road will double in width to eight lanes; the frightfully short merge lanes will be lengthened. Price: \$109 million. Federal share: \$40 million.

Minnesota: Bloomington Project. A \$47 million replacement of a bridge over the Minnesota River will link the area south of the river with the Minneapolis suburb of Bloomington. The present structure, a temporary span with a six-year anticipated life, was put up in 1978. It has been underwater

three times after storms. Highway-bill contribution: \$16 million.

Illinois: Lincoln-Morton Link. Already under construction, the 31-mile highway will connect Interstates 74 and 55, cutting 40 miles off the trip from Peoria to St. Louis. Backed by House Minority Leader Robert Michel, who represents the area, the stretch would provide an alternative to Route 121, two lanes of inadequate winding blacktop on which highballing truckers terrify motorists. Total price tag: \$135 million, of which the highway bill provides \$17 million.

Pennsylvania: Altoona to Tyrone. State Road 220 is congested and heavily traveled. A twelve-mile stretch will be widened from two to four lanes, ultimately linking economically depressed Altoona to I-80 and New York City. Price: \$90 million. Federal share: \$45 million.

Boston: Central Artery/Harbor Tunnel. The I-93 north-south expressway and the two tunnels that connect downtown to Logan International Airport are congested eight hours a day. Massive infusions of money into the mass-transit system, boat shuttles and airport helicopter services have failed to reduce traffic. Solution: widen and lower to ground level the now elevated distressway and build a third harbor tunnel. Price: \$3.1 billion. Federal share: \$2.5 billion.

Savannah: Talmadge Memorial Bridge. The city's hopes of becoming a major port are pinned on modernizing the bridge to allow passage of bigger ships. Talmadge Memorial was struck by a cargo boom of the U.S.S. *Callaghan* during military exercises in July 1983, underscoring the need to raise the span from its current 136-ft. height to 175 ft. Price: \$90 million. Federal share: \$53 million.

Florida: The Pizza Connection. In Sanford, a new cloverleaf will serve no other purpose than to provide access to 4,000 acres of development property owned by Pizza King Jeno Paulucci. He calls it visionary; critics see it as \$14.5 million worth of pepperoni.



Getting a green light for more work

Nation

The fuss over the pork-barrel issue masks a significant turnaround in the condition of the nation's highways. In 1982, the last time Congress passed a comprehensive highway bill, the debate was dominated by scare talk of decaying roads and crumbling bridges, complete with suggestions that the nation's transportation system would soon go the way of New York City's abandoned West Side Highway. Experts bandied around figures like \$3 trillion for rebuilding America's decaying infrastructure. In truth, the Interstate Highway System was in trouble. Traffic had far outstripped the projections made when the system was initially planned in the 1950s. And the drive for fuel-efficient automobiles had inadvertently eroded the gasoline-tax revenues that pay for the Highway Trust Fund.

Congress responded by raising the gasoline tax by 5¢ per gal., with 1¢ earmarked for mass transit. Given the magnitude of the problem, it seemed the equivalent of pouring asphalt into a few potholes. But by almost every statistical measure, the quality of the nation's highways has improved somewhat. That is particularly true of the Interstate system, which carries 20% of the nation's traffic on only 1% of its road mileage. According to Federal Highway Administration figures, while only 30% of the pavement on urban Interstates was in good or very good condition in 1982, that figure had risen to 35% in 1985. "The rate of deterioration has been halted," says Joseph Rhodes, special assistant to the FHWA administrator. "These conditions didn't arise overnight and they won't be corrected overnight."

Building highways will never be just another federal spending program. Few activities of government affect so many Americans daily, inspire such passion and profanity as those vast expanses of pavement stretching from horizon to horizon.

That is why some White House aides believe Ronald Reagan was always doomed to lose last week's veto battle with the Senate. Was it the wrong war over the wrong issue at the wrong time? Wavering legislators, who once feared crossing the President, will not soon forget the day Reagan went hat in hand to the Senate needing one Republican vote and failed to get it. But it was also the highway bill that restored the fighting spirit the President will need in the coming Donnybrooks with Congress over the budget. As a senior Reagan aide put it, "We may have lost this, but goddammit, at least we're back in the game."

—By Walter Shapiro.

Coming back

States vying for the collider, the project means more than just a giant subterranean circle with a few buildings topside. After creating jobs at the outset for 4,500 construction workers, the SSC will attract a work force of 2,500 scientists, engineers and technicians, and provide a lure for federal and private research dol-



The Fermilab main tunnel near Chicago, with a new yellow ring of superconducting magnets

Super Push for a Supercollider

Site selection begins for the world's biggest accelerator

The underground tunnel will form a giant ring 53 miles in circumference. Streams of subatomic particles traveling at nearly the speed of light will be held on course by huge electromagnets. When one stream of high-speed protons smashes into another stream moving in the opposite direction, the force of the collision will create a host of short-lived particles not seen since the first moments after the Big Bang gave birth to the universe. Physicists are hoping that the appearance of exotic new particles—higgs bosons, squarks and sleptons—will open new vistas of inner space for scientists to study.

At a cost of \$4.4 billion, the tunnel will be the priciest scientific instrument ever built. Is it worth it? The answer—from the array of Governors, particle physicists, academicians and university officials lining up for congressional hearings this week to speak in favor of the appropriation of a \$36 million down payment for the superconducting supercollider—is yes, yes, 4.4 billion times yes.

Long a dream of the American particle-physics community, an accelerator the size of the proposed SSC would be 20 times as powerful as any now existing. It would dwarf the major U.S. accelerators—Fermilab in Batavia, Ill., and another at Stanford University—and would surpass even Europe's CERN collider, near Geneva. Formally endorsed by Ronald Reagan last January, the project is what Energy Secretary John Herrington calls a "momentous leap forward" in the exploration of matter and energy.

To states vying for the collider, the project means more than just a giant subterranean circle with a few buildings topside. After creating jobs at the outset for 4,500 construction workers, the SSC will attract a work force of 2,500 scientists, engineers and technicians, and provide a lure for federal and private research dol-

lars. Says Syracuse University Particle Physicist Marvin Goldberg: "It's hard to think of a classier project."

The official site-selection process began last week, when the Energy Department issued invitations for proposals. But more than a dozen states had jumped the gun. So far Illinois has spent \$4.5 million in developing its proposal for siting the SSC near Fermilab, and California has picked its spot, near Stockton. South Dakota has appropriated \$900,000 to land the accelerator. Texas is promoting ten different sites for the tunnel and considering a \$1 billion bond issue. Says Texas Governor Bill Clements of the SSC: "It could be bigger than NASA." Particle-physics fans are cropping up in the most unlikely places. In Malone, N.Y., a small town near the Canadian border, 800 people turned out to hear physicists lecture about the project.

The list of serious contenders may be quickly pared by the SSC's requirements: 16,000 acres of donated land, a flow of between 500 and 2,200 gallons of water a minute and up to 250 megawatts of power, as well as accessibility to a major airport, so the world's scientists can fly in and out. According to *Scientific American*, the front runners in the accelerator SSC race appear to be Illinois, California, Texas, Washington, Colorado, Ohio and Utah.

The big bucks for the SSC's little bang still need federal authorization, and there are some doubts in Congress about its affordability. A number of scientists too are wary of spending so much money on a single project. Yet by the Aug. 3 deadline, more than 30 states are expected to submit proposals. The winner will be selected on Jan. 19, 1989, the Reagan Administration's last full day in office. So far, it seems, the mere idea of the SSC has the power of a thousand suns.

—By John S. DeMott.

Reported by Michael Duffy and Hays Goresy/
Washington



Off-duty Marines pose for a buddy near St. Basil's in the Soviet capital

Booze, Brawls and Skirt Chasing

The U.S. Marine scandal in Moscow spreads

The spy case that appeared at first to be an isolated instance of two lonely Marines being seduced into espionage at the U.S. embassy in Moscow took a broader and more ominous turn last week. A third Marine was charged with illegal fraternization with Soviet women, and two other pairs of former embassy guards are suspected of having been compromised by female contacts. As the scandal spread, both the Marine and State Department supervisors of the 28-man guard contingent came under increasing criticism for their failure to monitor the behavior of the Marines more closely. Rather than clean-cut Americans being entrapped by their innocence, it seems, all too many of the guards were hard-drinking, brawling women-chasers whose wild partying was condoned.

"The Marines have been difficult all along," Arthur Hartman, who retired only last month as Ambassador to Moscow, told *TIME* last week. "They are trained for a different kind of duty, and in a place like Moscow, they're young people who don't have the maturity to understand the dangers they face."

Seven Marines were shipped home. Hartman disclosed, after a British nanny accused two of them of raping her last December in the Marine quarters in the embassy building. The Marine Corps charged the two with allowing the woman into the embassy and with having sex with a foreign national, but would not reveal their punishment. The others failed to report the incident, and some were also accused of illegal currency exchanges. On another occasion, said Hartman, Marines had "decked" a worker from another embassy during a presum-

ably friendly game of broomball, a form of ice hockey.

The young servicemen were known in Moscow for their parties at "Marine House," the name given the embassy quarters in which they lived. Two men occupied each tiny room, off long hallways on four of the building's nine floors. On Fridays, a "TGH" (Thank God It's Friday) affair in the second-floor lounge of Marine House would include West European and American nannies who cared for the children of Western families. Some guests, however, were Soviet women who worked at the embassy until the Kremlin ordered all its citizens out of clerical and custodial jobs in the building last October.

The young set drank and danced to loud rock music until 1 a.m. "There was

always a lot of booze," recalls a former American nanny. "People got more and more rowdy as the night progressed. You'd see couples sprawled all over the couches, and others would head off into the Marines' rooms." She claimed that even a Marine noncommissioned officer joined in the "Animal House" carousing. "When you see your boss getting dead drunk and going around pinching women, it doesn't make for a very strict atmosphere."

Stories about the Marines' behavior are ripe among former Soviet embassy employees, although these workers, who often report to the KGB, have reasons to exaggerate. "They were wild," a Soviet woman translator said of the Marines. "They chased all the skirts, Russian or otherwise. If we were flowers, they were bees." A Soviet secretary who had booked dinners for embassy personnel said that many Moscow restaurants would not accept the Marines "because they got drunk and got into fights with other customers."

Marines were not allowed to leave the embassy compound unless accompanied by another American, and they could not stay out overnight. But Soviet drivers claim they often took Marines to parties at foreign compounds and brought them back as late as 6 a.m. Americans visiting the embassy recall being asked by Marines to escort them past the entrance. One American woman said she twice drove a Marine to visit what he called his "Finnish girlfriend." But, she said, "the place was some sort of Soviet institute, so I suspect the girlfriend was Russian." Another way for the Marines to get out was to "apartment-sit" overnight for Americans on vacations.

Many embassy staffers remember Violetta Seina, the Soviet receptionist in Spaso House, the Ambassador's residence. She is the Soviet agent alleged to have persuaded Sergeant Clayton Lonetree, 25, to help other agents enter the embassy at night and room the building's most sensitive communications and CIA areas, where the agents planted numerous bugs. Tall, willowy and slim, with long blond hair and large eyes, Seina stood out at the annual Marine ball. "She was so good-looking," said a former Soviet employee. "She wore a long, elegant black dress and attracted attention." When the Soviet workers were withdrawn from the embassy, a U.S. diplomat was overheard asking, "What will we do without Violetta? We won't have anyone to look at around here."

The Marine House cook, known only as Galina, also made an impression. She allegedly seduced Corporal Arnold Bracy, 21, into working with Lonetree. One American woman in Moscow recalls a Marine telling her "how kind Galina was to them, how thoughtful she was. She went out of her way to teach them Russian and tell them good places to go in Moscow." A former Soviet embassy employee said that Galina was "very, very good-looking" and once complained to a



■ Violetta: "What will we do without her?"

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senior U.S. official that "the Marines were behaving rudely and making improper suggestions" to her.

Beyond Lonetree and Bracy, the wide-ranging investigation into the spy affair produced another arrest last week. Staff Sergeant Robert Stubblebeam, 24, who was the second-ranking Marine at the embassy when the two suspects were in Moscow, from July 1985 until March 1986, was charged by the Navy with failing to report his regular contacts with Soviet women. At least one of these women, claimed a source, "was KGB." He has not, however, been accused of spying.

The probe of two new sets of Marine guards could have serious implications. One pair served in Moscow in 1981 and 1982. If the two had engaged in spying, the Soviets could have had access to U.S. embassy secrets far earlier than suspected. Investigators were also concerned about the familiarity with Bracy and Lonetree shown by a second pair now under suspicion. Nor was fraternization confined to Moscow. It was learned that two Marine guards in an East European country embassy returned there to marry local women after leaving service.

One sign of Washington's worry about America's vulnerability to spying was a decision by the National Security Council last week to launch its own broad study of recent espionage damage, including a reassessment of the Navy's Walker spy ring.

Marine officers who train the embassy guards point out that their men had performed without a known security breach for 38 years. The fault, they argue, lies with lax supervision by State Department security officials. A Pentagon source said that a former security officer is under investigation for malfeasance at the Moscow embassy when Lonetree and Bracy were there. The State Department has brought its current security officer in the region home for questioning. As the State Department quizzes its employees at the 225-member embassy, the initial responses says one source, "are disconcerting."

U.S. debugging experts sent to the Moscow embassy in an effort to prepare secure facilities for the arrival next week of Secretary of State George Shultz are finding so many sophisticated Soviet sensors that the entire communications system may have to be replaced. The once secure "bubble," a shielded room within a room, will have to be rebuilt. Shultz will take special mobile communications gear with him.

The Soviets needled the Americans about their predicament. "I thought the fear was of Reds under every bed," deadpanned Soviet Foreign Ministry Spokesman Gennadi Gerashimov. He expressed mock surprise that "the famous U.S. Marines who were victorious on Grenada" had been defeated by "the charms of blond spies." The U.S. however, was not laughing.

By Ed Magnuson

Reported by James O. Jackson/Moscow and Bruce van Voorst/Washington

Going It Alone in the Ghetto

Los Angeles' poor may tax themselves for more police

Nobody fears urban crime more than the urban poor. In Watts and other rough neighborhoods of South Central Los Angeles, residents are terrorized daily by gangs and gunfire, living in a virtual war zone where murder is the leading cause of death among young men. Since 1981 residents have twice voted for higher taxes to pay for more police officers, but each time the citywide referendum was defeated by voters in the more affluent and better-policed areas of Los Angeles.

Now the ghetto may decide to go it alone. Local activists have proposed a \$21 million property tax levied against South Central residents to pay for 300 additional city police officers. If the measure passes

last year. South Central residents are so fearful that many have expressed willingness to pay the estimated \$148 annual tab for the average homeowner.

Still, the proposal faces broad opposition, particularly from civil rights organizations. "We're redlining ourselves," says Raymond Johnson Jr., president of the Los Angeles N.A.A.C.P. "If this were proposed by a white councilman in Jackson, Miss., on the premise that it's black-on-black crime and blacks ought to pay for it, it would be a national outrage." Johnson and others argue that if well-to-do neighborhoods were to take the cue and vote to hire their own police, not to mention fire fighters, street cleaners and tree trim-



L.A.P.D. on patrol: "The levels of violent crime are just no longer acceptable"

this June, it will mark the first time that residents within a section of any major U.S. city have taxed themselves to pay for more police for their own neighborhood.

The proposal is the brainchild of L.A. Councilman Robert Farrell, a South Central resident who believes his area is being shortchanged by the "I've-got-mine" attitude that prevails in safer parts of the city. "The levels of violent crime in South Central Los Angeles are just no longer acceptable," says Farrell. "My car has been broken into, my house has been burglarized, and my wife has been robbed at gunpoint. No other members of the city council would put up with this."

If approved by two-thirds of South Central voters, the plan will create a special tax-assessment district affecting a 500,000 mostly poor residents in a 43-sq.-mi. area. The 300 new officers will be assigned to the four Los Angeles police divisions that patrol South Central. Though these outposts represent only 22% of the department's 18 divisions, they handled 44% of the city's 831 homicides

mers, they would be even more likely to oppose further citywide tax measures to benefit low-income areas.

But proponents argue that the alternative is for the poor to continue to suffer from crime. South Central leaders have fought for years against police-deployment patterns, which are based on a formula that considers property crimes roughly equal to violent crimes against people. This may please Porsche owners in Bel Air, but it does little to console the victims of shootings in Watts. The policy is under review by an outside consultant.

"We're confident that the study will provide for additional officers in the South Central area," says the N.A.A.C.P.'s Johnson, who threatens a lawsuit if the police department fails to take action. Two weeks ago, while South Central awaited the outcome, a bullet fired during a shoot-out between rival street gangs pierced the window of a Watts church and struck Choir Member Dolores Allen in the head. Allen, 42, died the following day.

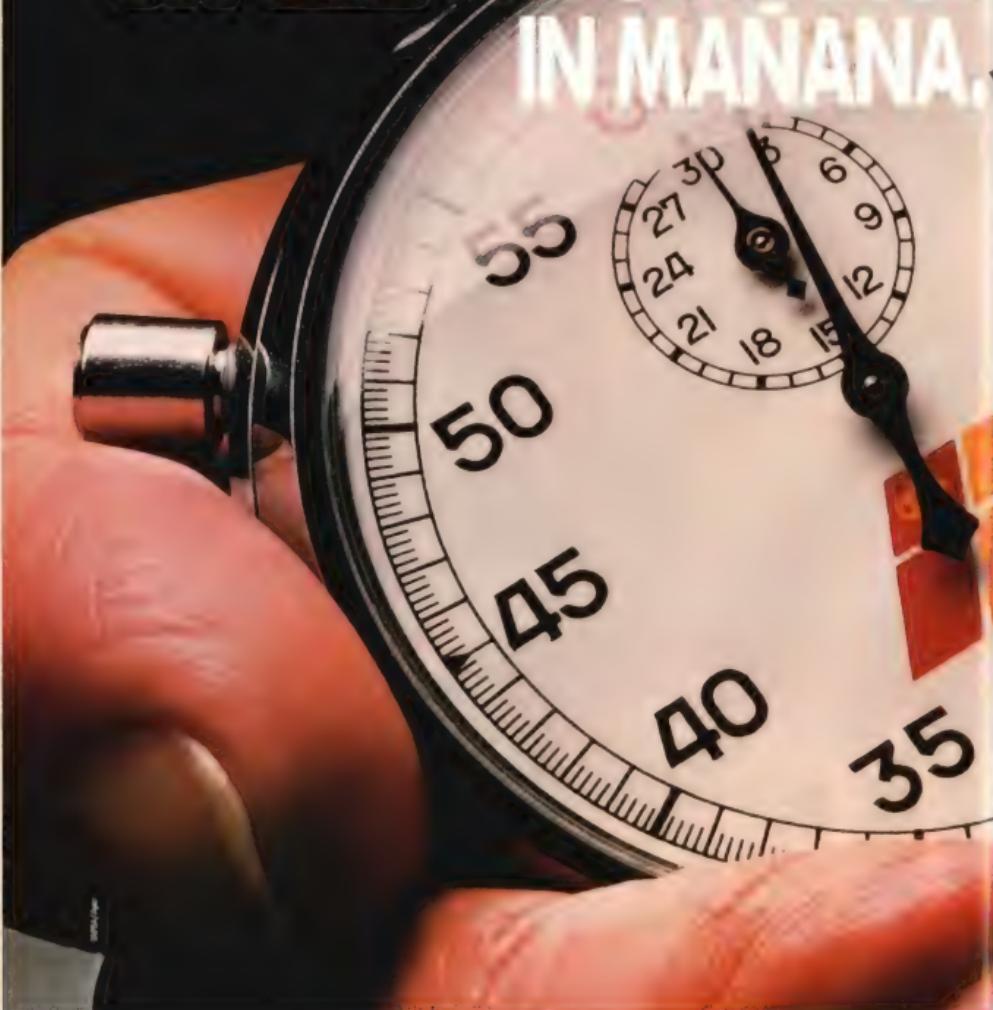
—By Jon D. Hall/Los Angeles

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CAMPAIGN PORTRAIT

The Quarterback Of Supply Side

Jack Kemp is propelled by ideas



Promising to expand the Reagan revolution, New York Congressman Jack Kemp plunges enthusiastically into the presidential race. This is the fourth in a series of profiles of the major 1988 contenders.

The candidate strode genially from table to table, hands outstretched, making fingertip contact with smiling ladies at a luncheon in Manchester, N.H. An elderly woman grabbed him by the sleeve and yanked him to her side. "There are too many foreigners buying up our land," she complained. He bent down next to her chair. "Aw, come on," he chided, "don't look at it as a zero-sum game. We want people to invest in America." She listened sullenly as he tried to explain his vision of an unfettered free market. "Well, you think about it," she interrupted, shaking her finger. He masked his exasperation with an affectionate pat on the back. "I will," he promised, "but you think about it too."

Jack Kemp, 51, the New York Congressman and former pro-football quarterback (for the Buffalo Bills), once thought he would end up as a coach or teacher. Even now that he is campaigning for President he cannot suppress the urge to enlighten, to pounce on a negative outlook and offer an optimistic economic vision in its stead. His fervent embrace of the supply-side faith and its feel-good gospel of growth is more than just a political platform. It is a personal creed that has fueled his career and helped him develop a blend of conservatism and blue-collar populism that he sees as the natural extension of Ronald Reagan's legacy.

The past year has been troubling for Kemp's campaign. His hope of turning the Republican race into a Kemp-Bush contest failed; though Transcan deflated George Bush's lead, Robert Dole emerged as the main alternative to the Vice President. As Kemp makes his formal announcement this week, there is whispering that his candidacy can't get off the ground.

Part of Kemp's problem thus far has been that he seems more comfortable promoting ideas than selling himself. When proselytizing about his economic theories—the virtues of tax cuts, the need for currency reform and a dollar "as good as gold"—he displays the earnest exuberance of a junior professor addressing a pep rally. Beneath the hearty veneer and football-star luster, Kemp harbors a curious personal reticence. When asked what his appeal is to voters, he answers, "I think my ideas are popular, and I think I can articulate them as well as anyone."

The ebullient Kemp, a conserva-

tive mirror image of Hubert Humphrey, loves to talk. When he is minutes into a speech, his head bobs back and forth, as if straining against a too-tight collar and tiepin. He plants his feet far apart and unfurls his arms, flexing his fingers to pantomime an expression like "quote, unquote." He speaks so quickly, using so many facts and historical allusions, that he often fails to engage his audience. His aides have given him a digital stopwatch to remind him to keep it short.

To solidify his conservative base, Kemp has been intensifying his opposition to abortion, agitating for early deployment of Star Wars and bashing Secretary of State George Shultz for being too moderate. But Kemp does not fully resonate with the New Right moralists and movement conservatives on the party's right wing. The libertarian streak in his philosophy makes him more comfortable talking about tolerance and individual rights than about imposing social and religious values: his sense of optimism makes him shy away from tapping the resentments that can fuel an ideological crusade.

His wife Joanne, 50, a devout Christian, calls his politics of inclusion the "good shepherd" model. Kemp likes the metaphor. Republicans, he believes, must reach out to minorities, women, blue-collar workers and even organized labor. He has been a longtime supporter of civil rights and feels it was a historic mistake for Republicans not to be at the forefront of that movement.

Kemp's intellect seems to reflect a dogged fascination with ideas rather than a natural brilliance. He talks about ideas the way immigrants talk about America: it is the passionate love of the convert. Football consumed his life throughout his childhood in Los Angeles and his years majoring in physical education at Occidental College in Southern California. Not until he was newly married and playing professionally did his focus broaden. He worked for Governor Reagan in 1967, and read Barry Goldwater's *The Conservist* of a Conservative and Ayn Rand's libertarian-positivist novels, such as *The Fountainhead*. In the mid-'60s he discovered Friedrich von Hayek's *The Constitution of Liberty*, a paean to free-market economics, and "from then on it was Katie-bar-the-door," he recalls. "I read everything I could get my hands on about economics and political philosophy."

When Kemp arrived in Washington in 1971, a boyish-looking Congressman representing the Buffalo area, he embraced the notion of growth through tax cuts with a firebrand's unnuanced zeal. Obviously ambitious, he seemed shallow, and he compensated by bolstering his rhetoric with sweeping historical references and obscure names. "He's more secure now," says his earliest supply-side guru, Jude Waniski. "He doesn't feel the need to drop Von Hayek's name in every speech." (Even now Kemp cannot always resist. He recently cited Jean François Revel and Lord Acton to a group of senior citizens in Fort Dodge, Iowa.) He remains a voracious reader. On plane rides, he devours biographies and history books the same way he reads newspapers—scanning and mentally clipping ideas and facts that support his world view.

He does not relish the underbelly of politics, the gossip and tactical stalking. After a political event, he retreats to his airplane seat, ignoring his aides' shoptalk, occasionally looking up from his reading to say, of a fact or quotation, "Wow, look at that!" Muses his friend Tom Kean, Governor of New Jersey: "He's not much different in private than in public. When he calls, he's always excited, trying



From gridiron to Goldwater and "zero-sum games"

out new ideas or telling me about some new book or article."

Off the podium, Kemp reverts to a Southern California vernacular. Things he likes, from his family house in suburban Maryland to the flowering of capitalism in the Third World, are "really neat." He is proud of his erudition, using French phrases like *élan vital*, but he sometimes tosses out strange neologisms, like "bragadocious." His tastes are unabashedly middlebrow. He saw the musical *Les Misérables* three times and with characteristic gusto has become a one-man ad for the show, telling people that "it's the best musical since *Man of La Mancha*."

At home Kemp relaxes in his book-lined den with football trophies and framed family photographs crowding the mantle. A giant black satellite dish connected to his 20-inch RCA television

allows him to watch most of the games of his eldest son Jeff, a backup quarterback for the San Francisco 49ers. He hates the campaign travel, hates being separated from his family.

But he enjoys one element of the race. "The fun of the campaign," he insists, "is to actually say to someone, 'Look, I really believe we could restore a 5% prime rate.'" He gasps, as if to fill in the listener's incredulous response. "Now, someone is going to say, 'Jack Kemp, you're crazy!' But I really believe we can have low long-term interest rates and 7% mortgage rates, and reduce unemployment in our cities by half." He pauses and leans back in his chair, enveloped in his own earnestness. "That's why I am in it. That's all I'm in for."

—By Alessandra Stanley/

Washington



Howard Baker: Ready to rescue the G.O.P.?



Mario Cuomo: Waiting out a fantasy?

The "Turn-To" Scenarios

Could either party end up choosing a dropout for President?

Mario Cuomo vs. Howard Baker in the presidential finals? When one of Cuomo's advisers, after watching an impressive Baker performance on a talk show, mused about what might be called the "turn-to" factor, the Governor laughed it off. Conventional wisdom, well versed in the lessons of past wars, says that fantasies about brokered conventions or late-starting saviors are merely that, fantasies. Yet a few contrarians, surveying the fractured and vulnerable fields shaping up in both parties, believe a 1988 nomination may yet go to a heavyweight unassisted by the early combat. Says Eddie Mahe, a Republican consultant: "The rules and dynamics we think we understand from the last few elections don't necessarily apply to 1988."

Turn-to scenarios posit that either party could turn to a fresh alternative, in the midst of a messy primary season or as the result of a deadlock leading into the conventions. Both front runners are vulnerable: George Bush still exudes weakness even as his boss recovers from Iran-

scam. Gary Hart's nominal supporters, according to last week's *New York Times/CBS* poll, are not committed to him yet, and old questions about his character are likely to resurface, at least temporarily, when the campaign heats up. Both parties have growing lists of challengers who seem likely to command a share of delegates without breaking out to win a majority. Among the Republicans, for example, former Senator Paul Laxalt said last week that he is forming an exploratory committee and hopes to announce formally in September. "Most Reagan conservatives," he noted, "are still searching for a candidate."

So are many moderate Democrats who were disappointed when Georgia's Senator Sam Nunn declined to become an active contender. Bob Strauss, the former national chairman and a man well suited to wield the kingmaker's mace, thinks Nunn could pull off a variation of the turn-to scenarios. He could announce later this year that his tasks as Armed Services Committee chairman prevent re-

lentless campaigning in Iowa and New Hampshire, but that he will launch a national candidacy in time for the Southern round of primaries on March 8. This could succeed. Strauss speculates, because the earliest contests might yield a "dog's dinner result"—a lot of scraps and leftovers—for the present pack. If so, a Nunn or a Cuomo could defy conventional wisdom by waiting until after that round to leap in.

Mahe says the contest in either party could be wide open even after March 8—the mega-Tuesday that has at least 16 primaries and caucuses—if no one has captured 40% of the delegates chosen up to that point. "Everyone in the race will be out of money," Mahe predicts, "fatigued, with fatigued staffs, fatigued messages." So there could be an opening for a classy contender—Howard Baker or (if Bush collapses) James Baker on the Republican side. Cuomo or someone like New Jersey's Senator Bill Bradley on the Democratic side—to ride in from the sidelines on a fresh white horse. The most fanciful scenario of all has the Democrats packing for Atlanta or the Republicans for New Orleans, lacking a contender who commands close to 50%. That could mean an open convention with unpredictable results.

All these schemes collide with huge obstacles. Elaine Kamarck, deputy manager of Bruce Babbitt's campaign, points out that "it is a great risk to skip Iowa and New Hampshire." Candidates who have attempted that strategy, like Henry Jackson in 1976, never really recover because the opening contests and news coverage of them, define the rest of the race. In addition, a candidate needs to have recruited and filed delegate slates by mid-January to contest many of the March and April primaries. Missing the early action also means losing the opportunity to refine a campaign's message and hone an organization.

Because Jesse Jackson is likely to control a bloc of delegates, it is possible that no other Democrat will command even 40% when the primaries end. But instead of a wild scramble, the probable result will be tame bargaining between the front runner and the losers, which is how Jimmy Carter won the 1976 nomination. Despite these realities, dreamy speculation is likely to continue as long as none of the present contenders show compelling strength. —By Laurence L. Barrett/Washington

American Notes



Hackbarth with his creation before her destruction



You can go home again: Hart greets townsfolk



Darman: bureaucrat to banker

MILWAUKEE

A Real Hatchet Job

The trouble started last month, when Milwaukee's premature spring temperatures gave way to a brief snowfall. Jeff Barnett, 33, and Roommate Bill Hackbarth, 30, built a life-size snow sculpture of a family at the beach: kids playing, Dad holding a beer can, Mom in a light blue bikini spray-painted on her shapely form. Enter Kathleen Zanio, 43, a former Franciscan nun, who drove by the sculpture one afternoon. "Here was this woman with large, protruding breasts and abdomen," says Zanio frostily. "It was obnoxious and repulsive."

Zanio, who works as a carpenter, took a hatchet from her car trunk and started to smash the snowwoman, but fled when Barnett rushed out of his house. "We had her arrested to let people know they can't go hacking things down," says Barnett. Last week Zanio was charged with disorderly conduct; she could face a \$200 fine.

POLITICS

Hart Is Where The Home Is

In his quest for the presidency, Gary Hart is plagued by two troublesome perceptions: that he is cold and aloof, and that he has tried to reinvent or run

away from his roots. Last week Hart confronted these notions by paying a rare visit to his hometown of Ottawa, Kans. (pop. 11,500).

With his wife by his side and a phalanx of cameras clicking, the shy Hartpence boy who changed his name while attending Yale Law School in 1961 spoke tearfully about his home and his parents. In the past Hart has been reluctant to discuss his stern upbringing in the Church of the Nazarene or the fact that his family lived in 16 homes over 18 years. This time he compared his childhood with the uncomplicated lives of the kids on TV's *Happy Days*. Yet he stumbled when a fourth-grader asked him if he would ever return to live in Ottawa. "Yes," Hart replied. But after a moment he hedged. "Not totally." He paused, then added, "I wouldn't rule it out."

WASHINGTON

Creative Corpocrat

Back in November, Deputy Treasury Secretary Richard Darman started the business community with a stinging critique of what he called the U.S. "corporacy," management that was "bloated, risk-averse, inefficient and unimaginative." After such a harsh assessment of big business, it came as a surprise when Darman, 43, announced last week

that he was leaving the Reagan Administration to become a managing director at Shearson Lehman Bros., one of the nation's largest investment-banking firms.

But Darman—one of Reagan's brightest tacticians and a chief architect of last year's tax-reform plan—believes he can be a catalyst for productive enterprise in his new career. "Investment banking can be of great social value," he said. "At its best, it can be done on the basis of intellectual capital as well as financial capital."

CONGRESS

Spurning a Pay Raise

It was one of the more transparent congressional maneuvers in recent memory: lawmakers last February voted against boosting their annual salaries from \$77,400 to \$89,500—one day after a presidential order establishing the pay hike had gone into effect. The move allowed Congressmen to tell constituents they opposed the increase even as they pocketed the extra cash.

But as the first installment of the raise appeared in congressional paychecks last week, 57 House members and 13 Senators said no to the \$12,100 pay hike. Most of the refuseniks donated the money to charity or returned it to the U.S. Treasury. The honorable

gesture shocked one of Senator Alan Simpson's most loyal supporters. Says the Wyoming Republican: "When I told my wife I gave the money back, she said, 'You did what?'"

THE HOMELESS

Below the Safety Net

Every weekday nearly 25,000 hungry men and women walk into soup kitchens throughout New York City in search of a hot meal. Myths and stereotypes cling to the homeless, but few hard facts are known about who they are. This week a study by New York's Legal Action Center for the Homeless paints a more detailed picture of some 500 people who eat at soup kitchens.

Less than 10% are women. More than 80% are black or Hispanic. The majority cannot find a job or are too disabled to work. Nearly one-third sleep on the street. Some 40% average one meal or less a day. The study, *Below the Safety Net*, written by Douglas H. Lasdon, director of the Legal Action Center, and David Tobis, found that only about a third receive government financial assistance of any kind, though virtually all are eligible. Says Lasdon: "The report shatters the myth of the safety net by showing that people actually go hungry and homeless because they can't get and maintain the benefits they are entitled to."



World

COVER STORIES

Trade Face-Off

A dangerous U.S.-Japan confrontation



It is no larger than a few grains of rice, but it was big enough to cause one of the most serious episodes between the U.S. and Japan since the end of World War II.

It is the tiny microchip, a sophisticated bit of silicon that is the indispensable heart of the techronic age, the raw material for everything from talking teddy bears to personal computers to intercontinental missiles. After the Reagan Administration imposed trade sanctions against Japan in an attempt to protect American makers of microchips, it suddenly looked last week as if the U.S. and Japan were headed for what could become a major trade row. In fact, Tokyo TV commentators described the event with the phrase *Kaisen zen-ya* (the eve of war), an expression used to describe the days before Pearl Harbor. In Washington, U.S. Trade Representative Clayton Yeutter, while insisting that a trade war was not at hand, nonetheless called the confrontation a "serious dispute."

Sizable shock waves rattled around the world in the wake of the U.S. action, which was prompted by alleged Japanese cheating in the sale of the useful semiconductors and by Tokyo's alleged intransigent protection of its domestic microchip market. Partially in response to the specter of trade confrontation, the Dow Jones average of 30 industrial stocks sank 57.39 points as the week began, its third worst plunge in history. Yet the amazing 4½-year bull market in stocks, fueled in part by billions of dollars in Japanese invest-

ment money, recovered quickly, and the Dow closed the week at 2390.34, a record. In Tokyo money markets, the price of the U.S. dollar slumped to a doleful 144.7 yen, the first time in postwar history that the greenback was worth less than 145. Only 15 months ago it was 200. As tempers cooled by the end of the week, however, the dollar had climbed back to 146.05.

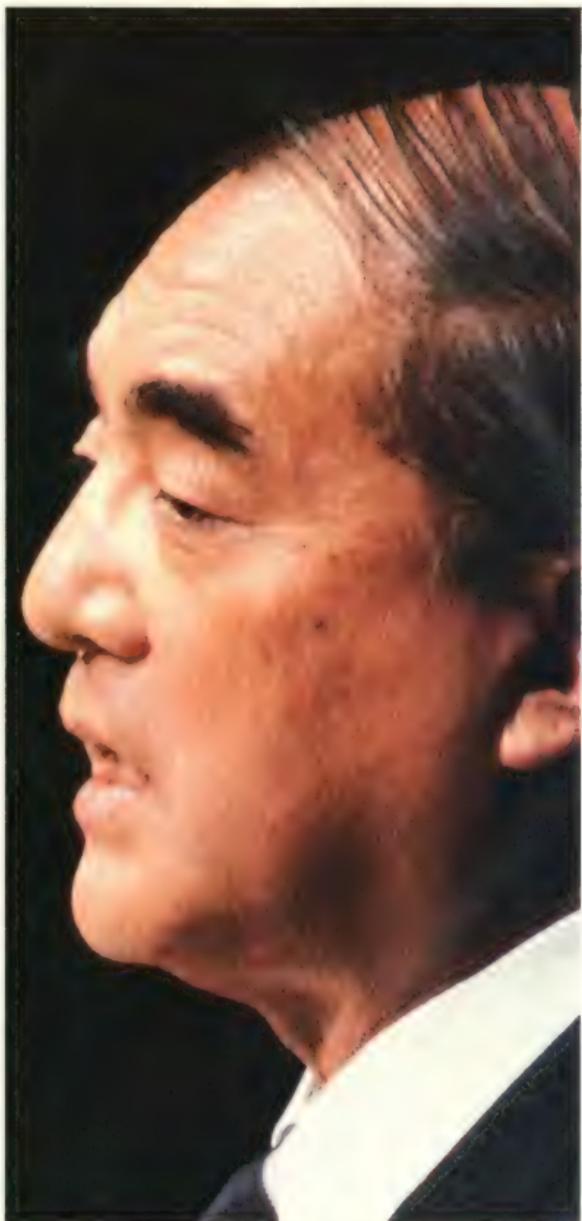
In both the U.S. and Japan, the Administration's tough action sparked widespread consternation. Japan's largest daily, *Yomiuri Shimbun*, editorialized that the sanctions were "detrimental to the interests of American consumers." The liberal daily *Asahi Shimbun* declared darkly that "trade war has now come about." In Manhattan, the usually pro-Reaganaut *Wall Street Journal* warned that "high-stakes trade retaliation, like Russian roulette, is a dangerous game, and the world doesn't benefit when the President of the United States leads by bad example."

Japanese officials rushed to keep the trade conflict from spinning out of control. Foreign Minister Tadashi Kuranari urged that "overall U.S.-Japanese relations should not be undermined by this issue." Makoto Kuroda, a senior member of the country's powerful Ministry of International Trade and Industry (MITI), prepared to fly to Washington. His job: to convey dismay at the bombshell U.S. decision to retaliate with some \$300 million worth of tariffs on a wide range of Japanese electronic goods. In addition, former Japanese Foreign Minister Shintaro Abe has been named as a special envoy by Tokyo to help deflect the trade collision. But the sanctions will almost certainly go into effect as scheduled on or about April 17.

The measures amounted to little more than a blip on the gargantuan volume of annual U.S.-Japanese trade, which totaled \$112 billion last year. But the slap at Tokyo was also a powerful diplomatic message. For the first time, longstanding American grievances over the trade practices of its second largest trading partner (after Canada) had resulted in a sharp and pointed U.S. economic response. Said a senior Administration official: "This will hopefully send a signal to all our trading partners that the free ride is over." As Commerce Secretary Malcolm Baldrige put it to *TIME*, "You can't rely on words. You have to rely on actions."

Those actions may soon provide some trying moments for two men widely touted as close personal and political friends: Ronald Reagan and Japanese Prime Minister Yasuhiro Nakasone. The two statesmen are scheduled to meet in Washington on April 29, and the new strain in their relationship comes at a time when both leaders face serious political troubles. At home Nakasone is currently fighting an uphill battle for political survival. The U.S. sanctions were an added burden that could help force him out of office before his term expires in October.

For Reagan, weakened by the Iran-contra scandal, the sanctions were an unprecedented gamble. On one hand, they expressed the Administration's "pro-



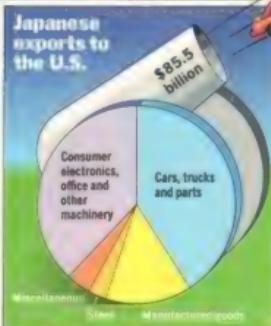
found disapproval" of Japanese trading practices in the sensitive semiconductor field. On the other, they were an integral part of the Administration's strategy to address the country's ghastly trade deficit. The semiconductor measures were also intended, ironically enough, to help block a rising protectionist tide in the U.S. Congress, but they could just as easily have the opposite effect.

The sanctions actually cheered legislators who are preparing a new version of a tough omnibus trade bill that passed the House of Representatives last year but died in the Senate. One version of the new bill is expected to reach the House floor on April 28, the day before Nakasone's visit. Says Senator Max Baucus of Montana, a leading congressional activist on trade issues: "The President's semiconductor action is sort of a turning point. We're going to stop talking and start taking action."

The clash over microchips also went far beyond commercial concerns in pitting two vastly different cultures against each other. After more than 130 years of contact with the West, Japan is hard-working, thrifty, highly organized but still relatively insular in its world view. On the other hand, free-wheeling, free-spending and individualistic America is now becoming fully aware of the loss of its post-war industrial primacy. By its latest trade actions, Washington was clearly attempting to force Tokyo to change not only its outlook but also its historic attitudes. For the Reagan Administration, and indeed for America, the issue of protecting high-tech industries went beyond economics and politics to national pride. Long the world's technological leader—and still in many respects the world front runner—the U.S. was fighting hard to protect that role.

The semiconductor fray, predicts Clyde Prestowitz, an expert on Japan at Washington's Woodrow Wilson International Center for Scholars, "is probably just the beginning of much more rocky times between the U.S. and Japan." Or between Japan and just about everybody else. In London last week the Conservative Cabinet of British Prime Minister Margaret Thatcher closed itself to discuss economic measures against the Pacific island power. After the hour-long session at 10 Downing Street, Thatcher dispatched one of her trade ministers to Japan with the threat that Britain might soon take retaliatory action to keep additional Japanese banks and securities firms from operating in London. The aim was to pressure Tokyo into ending its stonewalling of British firms that want access to highly protected Japanese financial markets.

The British have urged their eleven fellow members of the European Community to take part in the Japanese sanctions campaign, and several E.C. members seem inclined to join in. Said European Community Industrial Commissioner Karl-Heinz Narjes: "Our patience has

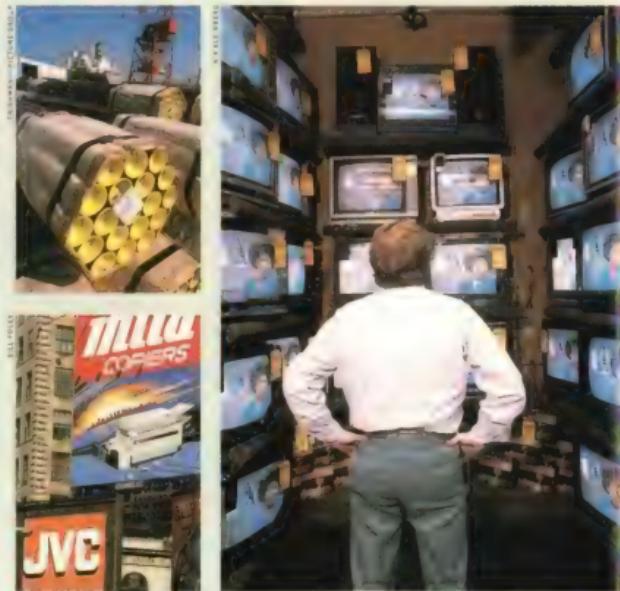


snapped. We have had enough of giving the Japanese the benefit of the doubt." At a meeting of Community foreign ministers scheduled to take place last weekend, the Netherlands and West Germany were expected to support the British proposal. Last month in Brussels the European Commission urged Community members to get tough with Japan. The commission had earlier slapped a 20% retaliatory tariff on Japanese photocopying machines, which take up 75% of the \$1 billion European market.

Behind the sound and fury aimed at Japan were profound alterations in the fa-

miliar international economic landscape that will continue to shake trading relationships for years to come. An unwholesome tide of global protectionism has been slowly rising for several years, but now it seems to be heading toward flood levels. That unsettling prospect comes despite the avowed intention of most of the world's trading nations to broaden free trade through a new round of negotiations involving the 96-member General Agreement on Tariffs and Trade. Even though talks for that round began in Uruguay last September, the Geneva-based staff of GATT is deeply concerned about the outcome. In its latest annual report, issued last December, the organization declared that economic policies being introduced around the world might not lead to open trade warfare but could produce a "prolonged stagnation."

Free trade has been a central tenet of the postwar economic order. The system that was put in place with U.S. leadership took as a cardinal principle the belief that "beggar-thy-neighbor" protectionism in the prewar years had helped cause the Depression-era misery and social turbulence that eventually led to World War II. In economic terms, protectionist barriers largely benefit inefficient companies and hurt consumers by forcing them to pay more for products. Even though the competition engendered by free trade can cause temporary pain by destroying obsolete industry and generating unemploy-



ment, the final result is more jobs, more income and more opportunity if every manufacturer is allowed to produce and export what it makes best. The value of free trade has been spectacularly displayed in the tremendous expansion of postwar Western wealth.

Protectionists, on the other hand, argue that free trade is a fine theory but it is not the real world. They claim that at any given time trading nations are subsidizing production costs, stopping imports by stealth and off-loading their own products on less sheltered trading partners. The strongest protectionist argument is that industries may need either temporary or permanent help in combatting such unfair competition, usually in the form of trade restrictions. The biggest problem with the argument is that temporary help often turns into the kind of permanent dependence that fosters stagnation.

The protectionist argument is flaring up anew because of Japan's phenomenal success. After only 30 years of aggressive, imaginative but often highly protected industrial growth, the Japanese are the prodigies of the industrialized world, reeling in a trade surplus of \$83 billion in 1986 alone. Says Robert Hormats, a partner in the Goldman Sachs investment house and a former trade adviser to the Carter and Reagan Administrations: "No country in history has ever gained international wealth as fast as Japan." Many economists estimate that the accumulated



Japanese balance of payments surplus could reach anywhere from \$500 billion to \$1 trillion by the year 2000. The Japanese, like the OPEC nations in their heyday, are already investing their current surplus funds around the world. Last year they placed \$132 billion abroad, roughly half of it in U.S. Government and corporate bonds.

Japan's rise to such riches has been particularly painful for the U.S., the world's foremost military power and Tokyo's most important ally. As of last year the U.S. had also become the world's biggest foreign debtor (1986 total: more than

\$200 billion). That debt is steadily being compounded by the trade deficit, which rose to a new record of \$169.8 billion last year. Of that total, \$58.6 billion was owed to Japan, based on \$85.5 billion in Japanese imports to the U.S. and only \$26.9 billion worth of return U.S. exports.

The irony is that probably at no other time in postwar history have the U.S. and Japan managed to cooperate as well as they have under Reagan and Nakasone. In the past five years, the two countries have reached an unprecedented degree of understanding on Japan's strategic role in the Pacific. That Japanese contribution is, quite simply, invaluable. Says Katsuhiro Sakoh, a senior fellow in Asian studies at the conservative Heritage Foundation: "Security is the cornerstone of the U.S.-Japanese relationship." Japan's 1987 military budget of \$32 billion is now the world's third largest after that of the U.S. and the Soviet Union. Under Nakasone, Japan is beginning to meet a long-standing but unfulfilled commitment to safeguard its own sea-lanes up to 1,000 miles off the Japanese coast.

But while the security ties have thickened, the trade imbalance has widened. It is now more than three times as great as it was only five years ago. From year to year a trade deficit may not be a bad thing, but over time it becomes debilitating, since money must be borrowed abroad to finance the shortfall. Even then, such borrowing can be useful if it is used to finance



FRANK GLENNON



East to West: steel at the dock in Seattle; electronics and photographic firms advertise in Manhattan's Times Square; TV sets on display in New York. West to East: American lumber being unloaded; a Cray supercomputer that has faced hidden barriers

World

needed capital improvements, as the U.S. did in the 19th century. The current U.S. trade deficit, however, is largely a result of America's passion for more consumer goods.

Another problem is the deficit's intractability. During the past 15 years, the U.S. has had successive trade crises with the Japanese as the archipelagic powerhouse has conquered world markets in textiles, television sets, steel and automobiles. In each case, the problem was supposedly solved by the imposition of controls on Japanese exports to the U.S. But the imbalance has become worse, creating a climate—at least in Washington—that threatens to undercut the much broader mutualism of interest that binds the U.S. and Japan. Says an Administration official: "It really is a problem of perception. The Japanese are seen as being unfair."

That is not the Japanese view. As concern over the U.S. trade deficit has grown, Nakasone has taken the lead in trying to persuade his countrymen to become more energetic consumers, especially of foreign goods, in the interests of averting a trade war. The Prime Minister two years ago made an unprecedented appearance on national television to underscore that appeal. He then went on a highly publicized expedition to buy foreign goods in Tokyo. At that time he also announced relaxa-



tions in the maze of bureaucratic regulations that often seem to make the Japanese market impenetrable to foreign competition.

Nakasone's efforts at liberalization, though, have had little effect on U.S.-Japan trade figures. Indeed, most economists estimate that if all protectionist barriers in Japan were removed at a stroke, Japanese imports would increase by only \$8 billion to \$15 billion.

The factor that has had the greatest single impact on Japanese trade is the

skyrocketing value of the yen, which has risen 60% against the U.S. dollar since September 1985. The steep rise in the yen has helped push the Japanese economy into a trough. The change in currency values was expected to help correct the trade imbalance by making U.S. exports to Japan cheaper and Japanese exports to the U.S. more expensive. Finally, after long and frustrating delays, there are signs that such changes are slowly coming about. The Japanese claim their U.S. imports last year rose by almost 24%. When special circumstances are subtracted (notably, a \$2.5 billion purchase of gold for coins commemorating Emperor Hirohito's 60 years of rule), the figure is more like 4.8%. But at the same time, global Japanese exports declined in volume by 1.3%.

There are additional reasons why the current semiconductor confrontation has more powerful significance than previous trade squabbles. One is the importance of the microchips—finely etched electronic devices that process thousands of bits of information per second—to the burgeoning world of high tech. Semiconductors are now used in virtually every advanced technology, including the Cray supercomputers that are a key component of the Reagan Administration's Strategic Defense Initiative. Says C. Fred Bergsten, director of the Washington-based Institute for International Economics: "Practically everyone in the U.S. agrees that semiconductors is a critical industry and that it would be dangerous, both to the economy and to national security, to lose it."

So far, the U.S. has lost neither its ability to produce semiconductors nor its capacity to manufacture other advanced and economically competitive high-technological goods. Last year the U.S. produced an estimated \$227 billion worth of electronic products, including \$580 million worth of supercomputers that are widely considered to be the world's most advanced machines.

Dumping: It's a Jungle Out There

Dumping is a topic that only an international trade lawyer could love. The basic concept is simple enough: dumping is selling a product for less than the cost of making it. That has been a world-trade problem ever since mass production made it easy for companies, inadvertently or otherwise, to turn out more goods than customers want. When stuck with anything from too many dolls to excess semiconductors, manufacturers often sell the products in other countries at very cheap prices rather than throw them away.

Dumping, however, can become a jungle of complications once lawyers or government bureaucrats get together and try to figure out what really happened. A trade negotiator in Tokyo says the U.S.-Japan semiconductor agreement, for example, is like the jewel beetle, an iridescent insect whose hue changes depending on which angle it is viewed from. "One guy thinks it's green," he says. "Another says it's blue."

Still, Japan agreed last year to stop dumping chips in the U.S. and not to sell them below production cost in other countries. But after analyzing sales of 4 million chips in 15 countries in February, the Commerce Department concluded that Japanese chips were selling at 40% to 65% of the cost.

The Tokyo government concedes that Japanese chips are still being dumped outside the U.S. But, it argues, the sales are being made not by Japanese chipmakers, who are under government control, but by independent businessmen. Officials claim to be doing everything they can to stop that, as promised. Not good enough, retorts Commerce Secretary Malcolm Baldrige: "If the manufacturers try to get out of their obligation not to dump in third-country markets by using middlemen, that is a deliberate action. It is the government's responsibility."



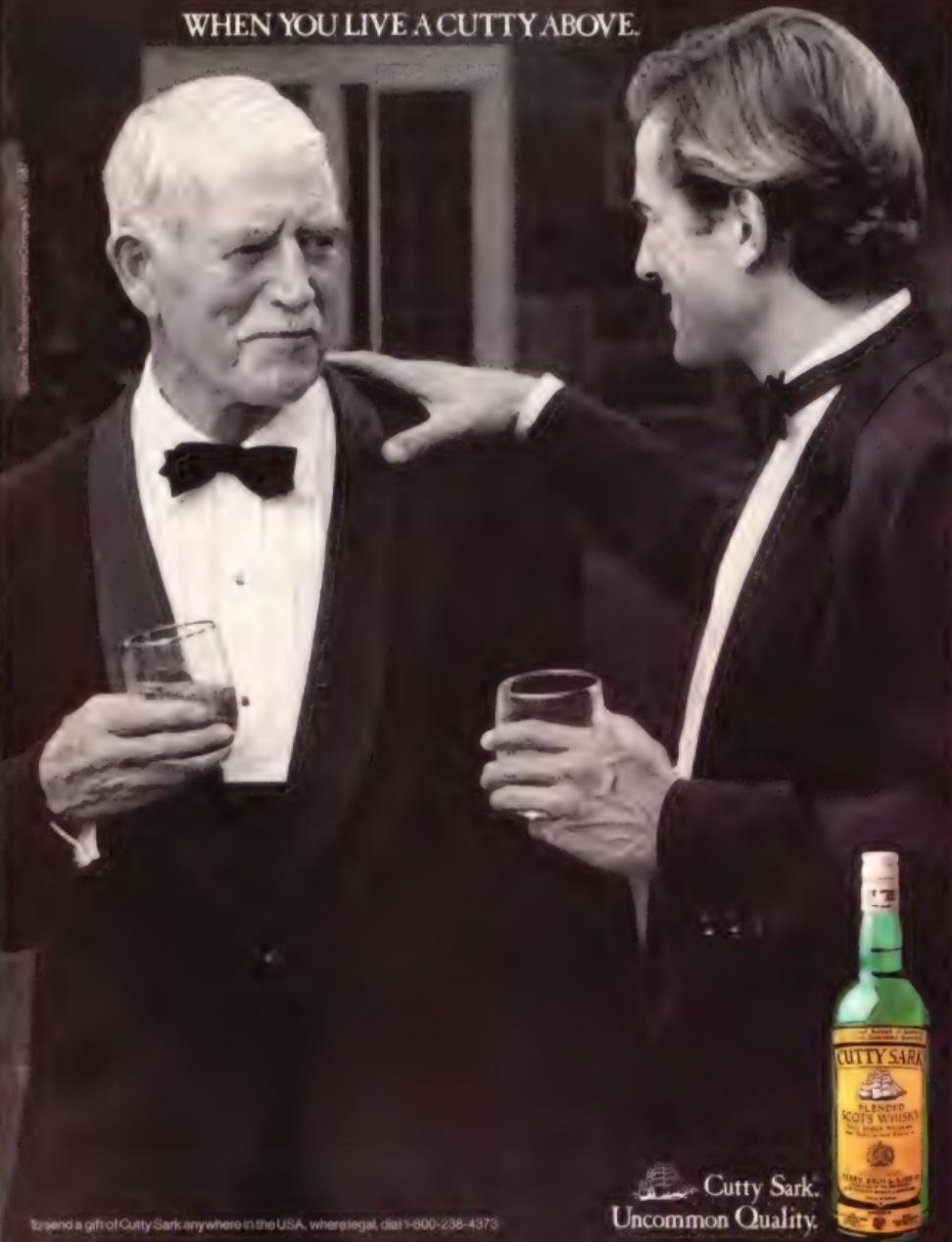
The battleground is the 256K chip

The problem is that under the relentless technological advance of Japan, the once unquestioned U.S. dominance in those areas has been seriously eroded. In the semiconductor field, the U.S. in 1982 enjoyed a 49.1% world-market share, while Japan had 26.9%. Now Japan is the No. 1 producer, with 45.5% of the \$45 billion world market, while the U.S. has 44%. In the overall area of high tech, the news for the U.S. has been even more depressing. In 1980 the U.S. ran a record \$27 billion trade surplus in those advanced products. Last year, for the first time, the American high-tech balance became a deficit of \$2.6 billion. Says the Woodrow Wilson Center's Prestowitz: "It used to be that we could say America should be moving into the future. Now we are finding out that we don't have a future."

That considerably overstates the case.

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but many others have taken even more alarmist positions. In February a high-level advisory panel, reporting to Defense Secretary Caspar Weinberger, issued a study that warned of the imminent demise of the U.S. semiconductor industry unless immediate action was taken to save it. Among other things, the panel called on the Defense Department to invest \$2 billion during the next five years in microchip research and development.

None of that concern entirely explains the fireworks that have erupted over the complicated U.S.-Japanese microchip agreement. The crisis actually began in the early 1980s, when both U.S. and Japanese semiconductor manufacturers, anticipating a substantial jump in demand, vastly increased their capacity for production of the microchips that are used in small numbers in personal computers and in much greater numbers in more complex machines. Instead came a two-year slump that drove down the price of the industry's most important item, the 256K DRAM (dynamic random access memory) chip, from nearly \$40 to as little as \$2. U.S. manufacturers charged that the Japanese continued to advance their market share in the field by selling the chips at less than cost, a practice known as dumping (see box).

Under the July semiconductor pact, Tokyo agreed to abide by so-called fair market values for microchips set by the U.S. Department of Commerce. Japanese manufacturers could not undercut those prices in the U.S. market without violating American antidumping laws. Tokyo also made a commitment to prevent dumping by Japanese semiconductor producers in other, so-called third-country (non-U.S. and non-Japan) markets, and to encourage Japanese companies at home to buy more foreign-made chips, meaning, by and large, those made in the U.S.

Yet almost as soon as the agreement was signed, the U.S. began charging that it was being violated. The main culprits, in Washington's view, were Japanese manufacturers who continued to dump semiconductors, either directly or through middlemen, in such Asian markets as Hong Kong, Taiwan and Singapore. Washington was as sure of that activity "as I'm sitting here," declares Commerce Secretary Malcolm Baldrige. In January the Reagan Administration privately warned Japan that some kind of retaliation was likely unless the practice stopped. Washington finally conducted an investigation and satisfied itself that dumping had taken place. The Adminis-

tration's preliminary finding is that there has also been no increase in Japanese purchases of foreign microchips.

Finally, the day before President Reagan announced the sanctions, the decision was endorsed by the White House's twelve-member Economic Policy Council, a Cabinet-level body chaired either by the President or, in his absence, by Treasury Secretary James Baker. With Baker in charge, the council fretted considerably over its decision. According to one Administration insider, there were sharply differing views about the value of the semiconductor agreement in the first place. Nonetheless, the group reluctantly agreed to go ahead with retaliation.

Much about the semiconductor pact is indeed questionable in economic terms. Among other things, it raises the costs of

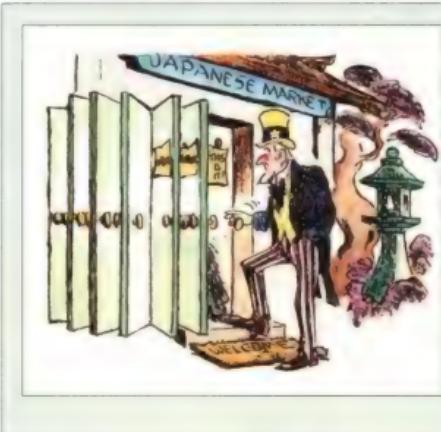
agreed to open its cigarette market to U.S. manufacturers by suspending its 20% tariff on that product. American cigarette manufacturers estimate that their market in Japan will quintuple, to an estimated \$1 billion annually. But in every such case, contends an Administration official, "we have had to land the full power and majesty of the Government on the Japanese. Every single thing is a fight that gets up almost to the Cabinet level."

Adding to the frustration is a backlog of other trade irritants that could continue to flare up. One is Japanese reluctance to allow U.S. bidders to compete for a slice of the country's premier construction project, the \$6.5 billion Kansai international airport now under construction near Osaka. Another is the long-standing American complaint that the Japanese have not been buying enough U.S. auto parts. Particularly galling to the U.S. was a statement attributed to MITI Official Kuroda to the effect that American supercomputer manufacturers were wasting their time trying to sell the advanced machines to the Japanese government and universities. So far, Minneapolis-based Cray Research has managed to sell only seven of its supercomputing systems (cost: \$2.5 million to \$16 million each) in Japan over the past eight years. All but one of the sales were to private Japanese companies.

According to Commerce Secretary Baldrige, the new U.S. sanctions ensure that there will now be a "different bargaining atmosphere in the future" and, he added, a "much healthier one." Whether that proves to be true, some Japanese opinion molders, amid the rush to

smooth over the incident, were thinking about the longer-term implications of the U.S. action. Japanese business leaders, notes Kimihiro Masamura, an economist at Tokyo's Senshu University, "are not aware of the extent of the impact they have had on their foreign competitors over the past several years. Now the Japanese have no other choice but to think globally."

However, for many other, more ordinary Japanese, the U.S. sanctions were both a puzzlement and a frustration. Says Kenji Hatakenaka, 38, a project-development manager at Sharp electronics: "It's hard for me to see what's really behind this. Japan doesn't pose the kind of threat you would expect to provoke such a reaction." Hatakenaka claims that the Nakasone government's efforts to boost consumption in response to U.S. pressure are running into resistance at the rice-roots level. Says he: "The government tells us to spend, but with currency instability ev-



American manufacturers who use the devices to build computers and other products, thus making them more vulnerable to foreign competition. But to U.S. trade officials, the evidence of alleged Japanese dumping and Japan's refusal to open domestic semiconductor markets were the last straw. For one thing, the ink on the semiconductor agreement was barely dry before, in Washington's view, it was being ignored. For another, that Japanese behavior seemed to U.S. officials to be part of a familiar Japanese attitude toward trade issues: delay followed by nominal agreement followed by intransigence.

The American list of similar complaints on that score is long. In the past ten years, Washington has pressed mightily to open Japanese markets to such exports as beef, oranges and even U.S.-made baseball bats for a baseball-mad country. In almost all those situations, the U.S. has eventually succeeded, at least to some extent. Last October, for example, Japan

World

Everyone feels it's safer to save. The government says, 'Buy that TV today,' but we'd rather wait until the price comes down."

In some cases, Japanese dismay at the sanctions is also taking an unpleasant turn. Surveys by Prime Minister Nakasone's office show a conspicuous decline in Japanese affections for the U.S. The most recent sounding in October revealed that 67.5% of the sampling felt themselves to be friendly toward the U.S., down from 75.6%. The October reading was the lowest pro-American result since the prime ministerial surveys were started in 1978.

For Nakasone, a more important question is how many Japanese are still friendly toward him. The answer may be not many. The Prime Minister will know better after nationwide local elections on April 12, when he and the ruling Liberal Democratic Party are now expected to take a drubbing. The main reason for that is not the U.S. trade dispute but Nakasone's announced decision to impose an unpopular 5% national sales tax. Nakasone has not made a single appearance on behalf of local candidates—because no invitations were extended to him. Jokes one Tokyo academic: "If President Reagan is a lame duck, our Prime Minister is a dying duck." Nakasone probably did not feel any better after U.S. Trade Representative Yeutter told a Senate Finance Committee hearing that he could not understand why Japan was planning to introduce the value-added tax. Replied Japanese Government Spokesman Masaharu Gotoda: "The tax system is our country's internal affair."

U.S.-Japanese trade difficulties, not to mention relations between the two countries in general, may become slightly frostier after the Prime Minister leaves the scene. Observes Larry Niksch, an Asian affairs specialist at the Congressional Research Service: "Nakasone and Reagan have been the glue that has kept the relation close. Below them there is a good deal of animosity on both sides. That could cause serious damage later."

The harsh fact is that the effort to manage relations between the close friends and allies cannot improve while the U.S. trade balance remains so badly out of kilter. This year many economists foresee no more than a \$30 billion improvement in the trade deficit, and quite a few see less. Even worse, the U.S. trade

balance will have to improve more than the current deficit indicates because the country is now an international debtor. In the current issue of the quarterly *Foreign Affairs*, Harvard Economist Martin Feldstein, a former chairman of President Reagan's Council of Economic Advisers, estimates that during the 1990s the U.S. will need to generate \$60 billion annually just to repay the interest and principle on its burgeoning foreign debt. According to Washington Economist Bergsten, the pressure will thus be on to create a \$200 billion improvement in the American trade balance. That is liable to add to the considerable trade ferment on Capitol

cymakers must speedily reduce the federal budget deficit, which has fueled so much excess U.S. consumption. But there will also have to be considerable changes in U.S. corporate and educational culture. American businessmen, who have traditionally paid most of their attention to domestic markets, must become more aggressive in going after foreign sales. American managers also need to take a leaf out of Japanese manuals about greater worker involvement in product quality control. The U.S. education system needs vast improvement before it can produce blue-collar graduates on a par with Japanese production workers. If U.S. businessmen want to penetrate foreign markets, there will have to be much greater emphasis in U.S. schools on the successful learning of foreign languages.

More, rather than less, openness in both the U.S. and Japan would also help. Japan's need to reinvest its surplus cash is one impetus driving the country ever closer to the U.S. Another is Washington's need for Japanese funds to finance the budget deficit. Notes Goldman Sachs' Hormats: "Japan and the U.S. are locked in an embrace from which there is no escape. It may create some discomfort, but there is no longer any way out of it."

The question remains of how much discomfort—not to mention occasional pain—may be involved. If, as the Reagan Administration hopes, the semiconductor skirmish spurs Tokyo to more urgent efforts to settle trade disputes, it will have served a useful purpose.

The history of trade sanctions, however, shows how dangerous commercial conflicts can be. One sobering example dates back to 1941, when the U.S. and other Western powers imposed sanctions on the export of iron and manganese to Japan for its incursions into Manchuria. That embargo played a role in the Japanese decision to attack Pearl Harbor. Nothing remotely similar in the way of hostility, of course, looms in the current trade battle. But as the two sides confront each other, they need to be acutely aware that deep antagonisms over trade can often contain the seed of future disaster.

—By George Russell

Reported by Gisela Bolte/Washington, Barry Hillenbrand/Tokyo and Christopher Redman/Brussels, with other bureaus



Security is the cornerstone: U.S. helicopters in joint military exercises near Mount Fuji

Hill. As Senate Majority Leader Robert Byrd puts it, "It is time to make more pragmatic use of our leverage."

That pressure will be borne not just by Japan but by all of America's trading partners. Fear of U.S. protectionism is a considerable motivation. For example, behind Canada's desire to conclude a historic free-trade agreement with Washington that would remove tariffs and most other trade barriers between the two countries during the next 15 years or so. President Reagan was to endorse that effort once again in a meeting with Canadian Prime Minister Brian Mulroney on a one-day state visit to Ottawa this week. But other close U.S. allies fear they may eventually be left out in the cold. Says a top European Community trade official in Brussels: "What worries us is that the U.S.-Japanese trade deficit will be balanced on the backs of the Europeans."

Avoiding that kind of protectionist debacle will take considerable American self-discipline. Among other things, poli-

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A Mix of Admiration, Envy and Anger

The American public is less worried than Washington



"Go, man, go!" exclaims George Young. "That's how I feel about the Reagan Administration's trade sanctions on the Japanese." Young, 34, the co-owner of Village Records & Tapes in Grosse Pointe, Mich., is speaking against his self-interest. He readily admits that higher tariffs on the many Japanese products his store sells could force prices up enough to hurt his business. More than half of his compact discs, for example, are pressed in Japan. But sanctions are necessary, says Young, because "the U.S. needs to be more self-sufficient. I'm a real nationalist when it comes to trade."

That line, however, gets an immediate and sharp rebuttal inside his own shop. "If we have a trade war with Japan, we're in bad shape," says Young's partner, John Denomme, 35. "We almost totally rely on Japanese hardware to play our software. Nearly every component in home audio and video systems is manufactured in Japan. If the Japanese decided they were going to make it difficult for everybody else, they could." Denomme is far from comfortable with that situation. In fact he finds Japanese economic power "frightening." Nonetheless, he is dead set against protectionism: "What good is it going to do? The Japanese have it all over us in terms of goods. U.S. protectionism is like a spoiled child having an angry fit."

This exchange is not exactly typical. Young and Denomme are much better informed, and far more concerned, than the great majority of their fellow citizens about the threat of economic warfare between the U.S. and Japan. But their argument does point to some of the bewildering crosscurrents in American attitudes toward Japan, its products and trade policies. As reflected in polls and interviews by *TIME* correspondents across the country, those attitudes are a strange mixture of admiration, envy, resentful toughness now and then by fear, and no little confusion. Protectionist sentiment does exist, but it is rarely voiced with much passion. And the sharpest criticisms of Tokyo's "unfair" trade policies are likely to be mixed with equally unsparing criticism—sometimes from the same person—of Americans for being less energetic and skillful than the ubiquitous Japanese.

That, to be sure, is not the impression

anyone would get from listening to politicians in Washington. Among them the dominant mood is unalloyed anger. Speech after speech in Congress accuses Tokyo of wiping out American jobs with floods of imports while keeping the Japanese market closed to U.S. and other foreign goods and services. That resentment does not just ring through debates on trade policy; it also creeps into remarks that are supposed to be focused on banking, mergers, education, defense, science—almost anything a legislator feels moved to orate about.

The level of anti-Japanese trade feeling is higher than ever before," says Secretary of Commerce Malcolm Baldrige. One notable example: resolutions calling on Ronald Reagan to take action against alleged Japanese dumping of microchips and the lack of market access for U.S. chipmakers passed both House and Senate without a single dissenting vote. California Republican Pete Wilson introduced the Senate resolution by resorting to the crudest sarcasm: "Unlike in all of those grade-B Japanese horror movies, the Japanese semiconductor Godzilla is now destroying everything but Tokyo." The U.S. said Wilson, should strike back "even if our retaliation . . . precipitates a trade war. Indeed, the point is that we are already at war with Japan."

Wilson's rhetoric is overheated even by Washington standards. But foreign-trade experts inside and outside government, including some who consider themselves dedicated free traders, sound just slightly less exasperated. Says one Administration official who has sat in trade negotiations: "The Japanese always wait until the 59th minute of the eleventh hour before they make any concessions. Even then they won't move, because they want to improve the relationship or because they recognize the validity of the [U.S.] argument. They just move because they are forced to." C. Fred Bergsten, director of the Institute for International Economics, a Washington think tank, agrees: "They give us very clearly the message that they only move when hit over the head by a two-by-four. So, we will accommodate and hit them over the head."

Outside Washington, however, attitudes are nowhere near as bellicose. Indeed, polls consistently turn up a surprising amount of admiration for the Japanese



and their business prowess. In a poll for *TIME* by Yankelovich Clancy Shulman two months ago, respondents declared 51% to 23% that Japanese work harder than Americans. By 53% to 25%, they judged Japanese corporations to be better managed than U.S. companies. The upshot: most respondents deemed Japan's success in world trade to be well earned. Though half of those polled believed that the Japanese engage in unfair trade practices, only 24% thought those practices were the main reason for their export success. Some 68% believed that the Japanese have been capturing markets around the globe primarily "because they produce quality products for a good price."

Answers to questions about Japan's invasion of the American market were far more mixed. Somewhat surprisingly, 50% of those surveyed thought U.S. products superior in quality to Japanese goods, vs. only 29% who believed Japanese merchandise to be better. But they, divided just about evenly on which products offer a better value for the price: 42% said American, 41% Japanese.

Protectionism? Despite the attractions of Japanese products, respondents voted 60% to 35% to put limits on the number of goods that can be sold in the U.S. But when asked about charging a tariff that would make Japanese products more expensive—the course that the Reagan Administration has since chosen to retaliate against the alleged Japanese dumping of microchips and lack of market access—only 48% were in favor, while 44% were opposed. Given the 3% margin of polling error, that is very close to an even split. Attitudes toward Japanese investment in the U.S. have varied from poll to poll. Some

*This survey was conducted by telephone February 17 and 18 among 1,014 adult Americans.



AP/WIDEWORLD



Voices from the chorus: an anti-import sign in Altoona, Pa.; a demonstration in front of the Capitol calling for modernization of domestic industry; Commerce Secretary Babbitt describing semiconductor sanctions

50% of the people answering a Louis Harris & Associates poll in 1985 thought that the U.S. should discourage such investment, while only 15% said it should be encouraged. But in the latest Yankelovich survey, 52% thought the opening of Japanese-owned manufacturing plants in the U.S. is good for the American economy, and 62% said they would be willing to work for a Japanese company.

Individual Americans voice equally mixed feelings: when they have any. Many, of course, simply have not been following the latest trade disputes, even if their own jobs are affected by Japanese imports or investments. Workers streaming out of Chrysler's Jefferson Avenue assembly plant in Detroit last week at shift-change time generally declined to express any opinion about the Administration's decision to impose sanctions on several Japanese products. Reagan "is just blowing smoke," volunteered one. "Anyway, it ain't gonna do nothing to help us." Joel Padgett, treasurer of AZS Corp., an Atlanta chemical company owned by Toyo Soda Manufacturing Co. of Tokyo, asserts, "Of our 200 employees, 198 probably don't know anything about it."

Among those who do know, just a few express views that could readily be considered anti-Japanese. "If unfair trade practices go on, I fear for my job," says Doug Kelly, 32, an engineer at Micron Technology, a Boise chipmaker that has been in the forefront of the call for sanctions and is one of the last two American firms to produce the chips under dispute. But many more people sound far too perplexed to hold any simple views.

Jon Deex, 31, a businessman in Torrance, Calif., vows to buy U.S. products whenever he has a choice. When shopping for a TV set six months ago, he refused to look at Japanese models: he would consider only RCA and Sylvania

sets. "Each person has to do his own part to try to solve the trade deficit," explains Deex. Nonetheless, he opposes protectionist legislation because "we live in an interdependent, interconnected global village. You just can't oversimplify."

Dan Hilliard, a manufacturing engineer at the Japanese-owned Nissan truck plant in Smyrna, Tenn., has no doubt that the Japanese unfairly keep out American goods. Nissan has sent him to Japan three times for training, where, he reports, "I saw very few American products on the market there, whereas here Japanese products are all over the place." Consequently, he believes the U.S. Government is justified in placing restrictions on Japanese imports. Yet Hilliard has praise for the management methods of his employer. Nissan's profits in Smyrna are down, he says, because "parts from Japan cost much more than they did one year ago" as a result of the rising exchange rate of the yen against the dollar. "But job security is one of the things the company stressed when I started in 1981, and Nissan is trying to keep its promise and keep everybody on. If I had been at Ford, Chrysler or General Motors, I would probably have been in the streets by now."

Joe Henson, president of Prime Computer, an export-oriented company located on Route 128 near Boston, believes the U.S. is taking a "reasonable and cautious approach" in trade policy toward Japan. "We have to be able to sell things like supercomputers and our American construction services" in Japan, he says, and if it takes retaliation against Japanese products to open Tokyo's markets, so be it. But Henson has no illusions that trade policy alone can solve the U.S.'s problem of regaining competitiveness in world markets. "We have major challenges within our

own economy," he says. "We have to cut costs, improve quality and understand market requirements. The U.S. is consuming more than it is producing. We are borrowing money to do it, and we have become a debtor nation. We ourselves have to deal with this problem of overconsumption, or we will be forced to stop it."

This idea that the U.S. is responsible for many of its own trade difficulties, whatever practices the Japanese follow, runs through comments by many people much less expert than Henson on world economics. Says Sheila Saunders, office manager for a monthly magazine in Atlanta: "There was not enough foresight to see that Japan would eventually outproduce us. Basically, we did not meet the competition. We need to advance our technology to produce quality products cheaper."

Perhaps the most striking thing about these and many other viewpoints is that they are expressed with a complete absence of the fiery anti-Japanese rhetoric so currently fashionable in Washington. The public is worried about Japanese competition, disposed to believe that much of that competition is unfair, and willing to consider some limited retaliation. But it has considerably more than a sneaking suspicion that much of the blame for the American trade deficit can be placed right within the borders of the U.S., and it is in no mood to give up its Sonys, Toyotas or Minolas. Congress and the Administration are impressed by the cries of protectionist lobbyists and justifiably annoyed by the frustrations of negotiating with the Japanese. But one question for them to ponder as they plot strategy is: What if a trade war starts between the U.S. and Japan, and American consumers do not answer the call to arms?

—By George J. Church.
Reported by Rosemary Byrnes/Washington and Frank S. Washington/Atlanta

The Challenges of Success

A new current sweeps across Japan, but the old ways still die hard



The Japanese capacity for change is nothing short of astounding. When Commodore Matthew Perry sailed a squadron of U.S. naval ships into Japan's waters in 1853 and demanded an opening of trade, the Japanese reacted swiftly. They cast off 250 years of rigid isolation and rapidly transformed their island nation from a feudal to a modern state. The Japanese again proved chameleon-like following their humiliating surrender at the close of World War II. Under the watchful eye of General Douglas MacArthur, the head of the occupation forces, they abandoned militarism, established their unique brand of capitalism, and quickly turned the country from an economic prodigy into a business superpower.

A generation later the Japanese are discovering that the challenges of success can be just as tricky as the hardships of defeat. Now that the bionic yen has driven up the price of Japan's products in foreign markets and angry trade partners are threatening to obstruct those exports, the Japanese are trying to change once again. Government officials are looking to make the Japanese more voracious consumers, thus loosening dependence on exports and boosting demand for imports. Sacrifice is out, self-indulgence is in. The Japanese are being encouraged to work less,

play more, save less, spend more and, while they are at it, buy foreign.

The Japanese have a new buzz word for this phenomenon: *kokusai-ka* (internationalization). *Kokusai-ka* refers to the host of efforts designed to deal with trade frictions, from opening the domestic market to foreigners to investing more heavily in public works, including bridges, highways and housing. The more philosophic interpretation of *kokusai-ka* as an end to Japan's historic attempt to remain separate from the world and the beginning of an opening of Japanese hearts and minds to the international community.

Despite Commodore Perry and General MacArthur, the Japanese have rigorously guarded their culture, their minds and their gene pool against foreign influences. Today most of Japan's 120 million people still share an unshakable belief that they are different from, indeed superior to, all other people. Says Kuniko Inoguchi, assistant professor of international relations at Tokyo's Sophia University: "There is a set of subtle but complicated rules that exclude outsiders from a homogeneous village called Japan."

But many political and business leaders say the country must reject those old views. "The whole world market is so international, we can't stay in Japan alone," says Teruyoshi Yasufuku, senior managing director of Sanwa Bank. As a result

exhortations like that, Japanese companies are not just exporting but are moving overseas in record numbers. For years, Japan invested only in its own miracle. But by the early 1980s, with huge balance-of-payments surpluses building up, businessmen began to look abroad for new opportunities. Last year alone Japanese direct investment overseas more than doubled, to \$14.3 billion. A survey conducted by the Long-Term Credit Bank of Japan shows 41% of all Japanese manufacturing companies have offices abroad.

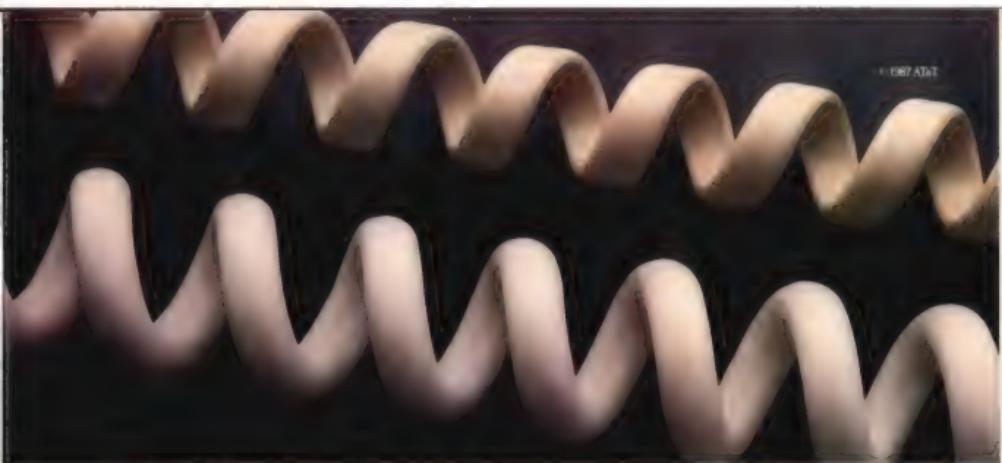
Most companies claim they set up foreign branches to be closer to their markets and to lessen trade frictions. But overseas investment also reflects a respect for the bottom line. Many manufactured goods can be produced more cheaply in Taiwan, Singapore or South Korea, where wages are lower. The Ministry of International Trade and Industry estimates that by the year 2000, Japan will have effectively exported as many as 900,000 Japanese jobs, which some fear will not be replaced at home and will thus drive up the unemployment rate, currently 3%.

Much like their American counterparts, Japanese companies are restructuring in response to leaner, meaner, times. Thus many firms have folded the safety nets that gave workers a guaranteed job



A funky youth, straitlaced corporate types at play: unlike many of their elders, the young believe life should be enjoyed





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for life. Within the past year, thousands of blue-collar workers have been fired or forced to retire early, particularly in the steel, shipbuilding and textile industries. White-collar workers find the breakdown of the seniority system no less jolting. Suddenly creativity seems to count for more than corporate loyalty.

Predictably the young, unburdened by their parents' postwar commitment to work and the common good, have proved to be the most adaptable. According to a recent survey conducted by the Haku-hodo Institute of Life and Living, 60.9% of young adults believe life should be enjoyed, a sentiment that is shared by only 31.3% of their parents' generation. For the young, the study concludes, "words like 'endure,' 'ardor' and 'fighting spirit' belong to a dead language."

The result is a new breed of Japanese, a burgeoning Me generation, whose self-absorption is sending shock waves through the older We generation. Many of these young adults thrive on values and ideas imported from the West. If work is not challenging enough or if it demands too much time, they move on. Job-hopping, once a rare phenomenon, is gaining acceptance. More than 60 Japanese publications (combined circ. 2.5 million) now offer nothing but employment listings.

Temporary work is also catching on. Temporary Center Corp., one of 350 such agencies nationwide, has 31,000 names on its roster, up from 200 eleven years ago. The agencies appeal primarily to young women, who are more inclined than their American and European counterparts to leave the work force once they marry and have children. Still a handful of Japanese women have worked their way into corporate boardrooms, and the future looks promising. Last year the salary gap between male and female college graduates just starting out was only about \$500 annually.

Other aspects of Japanese life have plenty of room for improvement. Despite Japan's vast wealth, living conditions remain remarkably humble. By American standards, corporate salaries are modest. Because the average personal-savings rate is high, 16% in contrast to 4% in the U.S., many basic amenities go wanting. Apartment space is claustrophobic, yet there has been little effort to replace what the Japanese derisively call their rabbit hutches. Some 155,000

households still do not have flush toilets, and almost all lack heat.

Last April the government kicked off a campaign to restructure the economy with the release of the Maekawa Report, a project prepared by 17 eminent Japanese. The slender canon warned that Japan must consume more and export less if it hopes to achieve greater "international harmony" with its trading partners. Shorter work hours and longer vacations were encouraged so that people would have more time to spend their money.

The travel industry has already benefited from the new attention to leisure. In

the sort of innovative thinking that will be crucial to its high-tech future.

Schools also remain faithful to a traditional notion: the nail that sticks up must be hammered down. When Sixth-Grader Tetsuya Osawa returned to Tokyo from New York City, he encountered hostility. Classmates ridiculed his Americanized way of shrugging his shoulders in answer to questions and his practice of opening doors for girls. Osawa's teacher informed the boy's mother he must "act like a Japanese person." In short order, Osawa developed a stress-related ulcer and had to be transferred to a private international school. Adults hardly fare better. Says Koji Kato, chief researcher at the National Institute of Education: "Returnees are regarded as kind of guests."

The Japanese still look down on resident foreigners. The 700,000 Koreans who constitute Japan's largest alien enclave must overcome legal barriers to obtain citizenship, although many of them were born and bred in Japan during the early part of the century. When Korea was a Japanese colony, The 5,000 Indo-chinese refugees taken in by Japan after the Viet Nam War find assimilation all but impossible. "Japanese heartily welcome foreigners on short visits," explains Masahiro Tsu-bouchi of the Tokyo immigration office. "They just don't want them to stay forever."

The outbreak of AIDS has provided a new reason for xenophobia. The press has warned Japanese to avoid intimate relations with outsiders, and fear of AIDS has prompted massage parlors, saunas and nightclubs to post signs reading FOREIGNERS PLEASE REFRAIN FROM ENTERING. Officials have drafted a bill that could deny entry to Japan to foreigners infected with the virus and deemed likely to give it to others.

Given such rigid attitudes toward anything non-Japanese, many experts feel that true *kokusai-ka* is a long way off. "Japanese culture hasn't changed a bit," says Researcher Kato. "It still persistently keeps anybody different out." Still, Japan's gradual opening cannot be ignored. It may be fleeting, a calculated response to edgy trade partners, or it may be enduring. Perhaps when the Japanese stop identifying themselves as different from the rest of the world and start seeing themselves as part of it, *kokusai-ka* will truly flourish. —By Jill Smolow. Reported by Barry Hillenbrand and Yukinori Ishikawa/Tokyo



Class at an elementary school in Tokyo: an emphasis on rote learning that fails to encourage innovative thinking.

1986 a record 5.4 million Japanese went abroad, 80% of them on vacation. Says Akio Morita, 52, the chairman of Sony: "I envy the younger generation of Japanese. They are citizens of the world." At present some 39,400 Japanese children attend primary or secondary school abroad, and 13,300 students are enrolled in colleges in the U.S. Moreover, Japan is currently host to 18,000 foreign students, a number that Prime Minister Yasuhiro Nakasone hopes will swell to 100,000 by the turn of the century. To accelerate crosscultural pollination, 68 American colleges and universities have been invited to open branches in Japan.

However, Japan's educational system will need more than a smattering of foreign influences if it hopes to maintain its vitality. While educators the world over seem to agree that the Japanese system is superior up through high school, Japanese universities have failed to achieve the same recognition. Japan's academic emphasis on rote learning fails to encourage



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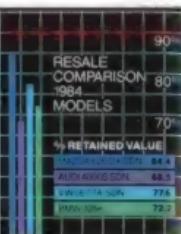
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CHILE

Bearer of Unwelcome Tidings

The Pope talks tough with Pinochet, and millions take heart

Even before Pope John Paul II arrived, the rhythmic chant thundered through the packed stadium in Santiago. "Chi-Chi-Chi, le-le-le!" shouted 80,000 exuberant teenagers, stomping their feet and shaking the arena. Then they began to chant "Pin-o-chet, go away!" conscious that they were on the site where scores of Chileans were killed and hundreds tortured after the 1973 coup in which General Augusto Pinochet Ugarte toppled elected Marxist President Salvador Allende Gossens. His voice trembling, the Pope acknowledged the "sadness" of the place and urged his audience "not to remain indifferent in the face of injustice" but cautioned them to avoid being "seduced by violence and the thousands of reasons that seem to justify it."

All across the country, from the presidential palace to the tiniest hotel, Chileans watched and listened to what the Pontiff said and how he said it. While the visit was only one stop in a two-week South American tour that also included Uruguay and Argentina, the six-day Chilean stay was the centerpiece. The question on everyone's lips: What would the activist Pope tell his authoritarian host and oppressed flock? Pinochet, 71, is one of South America's two remaining military dictators.¹ A practicing Roman Catholic, as are 10 million of Chile's 12 million people, he has ruled with an iron hand, claiming that the threat of Communism justified his repressive regime. Opponents accuse the government of imprisoning, torturing and killing thousands of ordinary citizens. Americas Watch, the U.S. human rights group, recently called Chile a "model of the national-security state."

Chileans received their answer from the Pope even before he set foot on Chilean soil. En route from Rome to Montevideo, the Uruguayan capital and the first stop on his tour, he was asked by reporters whether he planned to press human rights issues in Chile. "That is my task this time," John Paul replied. "People would want to tell us to 'stay in the sacristy, do nothing else.' They say it is politics, but it is not politics—this is what we are." In answer to another question, he described the country's system of government as "currently dictatorial." Indeed, activist Chilean Catholic bishops and priests, along with a coalition of centrist and left-

ist political parties, want Chile to follow the examples of Argentina, Bolivia, Brazil, Ecuador, Peru and Uruguay, whose military governments have given way to civilian rule since 1980.

Hours before the Santiago rally, the Pontiff visited Santiago's La Bandera slum, where Luisa Rivera, one of 600,000 people who gathered for the occasion, told him, "We want a dignified life without



John Paul is welcomed by the President at the Santiago airport
A call for reconciliation between the masses and their rulers.

dictatorship." Replied John Paul: "Today has deeply affected my spirit." Earlier in the day the Pontiff had paid a 42-minute visit to Pinochet at La Moneda, the 182-year-old presidential palace. Details of the conversation were sparse, but a Vatican source said the Pope planned to urge Pinochet to forsake violence and allow democratic elections.

Pope Paul declined to celebrate a private Mass hoped for by the Pinochets, but prayed with them briefly in the palace chapel, an event that was broadcast on the government-owned television channel. Pinochet is eager to show he is not a pariah and hopes the goodwill extended to John Paul by ordinary Chileans will rub off on him. Chile's bishops had initially invited the Pope to come and cele-

brate the peaceful resolution of a territorial dispute between Chile and Argentina that nearly led to war before a Vatican-brokered peace agreement was signed in 1984. John Paul, who is no stranger to powerful military rulers—from former Philippine President Ferdinand Marcos to Poland's Wojciech Jaruzelski and Haiti's former President-for-Life Jean-Claude ("Baby Doc") Duvalier—was not about to allow Pinochet to use the papal visit for his own purposes.

After the meeting at La Bandera, the Pope visited Santiago's archdiocesan headquarters, where he met behind closed doors with church bishops and repeated his hope for free elections "in the not too distant future." At present the government has scheduled a plebiscite for 1989 to approve a presidential candidate chosen by the military. Those seeking a clue to the Pope's strategy found it during his meeting with the bishops. In a quiet dig at Pinochet's rule, he told them that "every nation has the right of self-determination" but noted that "it is also necessary that respect for human rights is assured." That restraint contrasted with his tough talk aboard the papal jet en route to Uruguay but typified the Pope's comments in Chile. The Polish-born Pontiff is keenly aware that authoritarian and dictatorial governments are not easily budged.

At week's end John Paul celebrated a Mass before 600,000 people in Santiago's Parque O'Higgins. While his previous appearances had been mostly peaceful, this one was marked by perhaps the ugliest violence the Pope has witnessed during all his foreign travels. As protesters unfurled anti-Pinochet banners, threw stones and set fires not far from the papal platform, police opened up with tear gas and water cannons. Some heard gunshots ring out. At least 161 people were injured. The Pontiff continued to speak but at times held his head in sorrow, and later declared, "Love is stronger." After leaving Santiago, John Paul visited six other Chilean cities before departing for Argentina, where church and state are at odds over government efforts to legalize divorce and rein in trade unions.

Throughout, the Pope's emphasis on reconciliation between Chile's disaffected masses and their rulers came through clearly. It was certain that when John Paul departed Chile, he would leave behind a country subtly different from the one he arrived in only days before. As a member of the Vatican entourage explained, "The Pope's visits are like putting fuel in a nuclear reactor. Things happen." —By Wayne Svoboda. Reported by Cathy Booth with the Pope and Gavin Scott/Santiago

¹The other General Alfredo Stroessner in Paraguay.



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World

EL SALVADOR

Bloody Setback At El Paraíso

A U.S. adviser dies in combat

There was total confusion," a survivor said later. "It was dark and the wounded were screaming, and we didn't know what was happening." At about 2 a.m., the first mortar fire crashed into the Salvadoran army's garrison at El Paraíso, just 36 miles from the capital of San Salvador. In a daring and well-planned attack last week, leftist guerrillas of the Popular Liberation Forces killed at least 69 government soldiers, as well as a U.S. military adviser. Staff Sergeant Gregory Fronius, 27, of Greensburg, Pa. He was the first American to die in combat during El Salvador's seven-year-old civil war, though U.S. soldiers have been murdered by Salvadoran insurgents since 1983.

Once again the rebels had shattered the claims of the Salvadoran army and its 55-man U.S. training team that the guerrillas were being successfully contained. When he visited the garrison a few hours after the raid, General Adolfo Blandón, the Salvadoran army commander, was confronted with scenes of carnage and destruction. Wisps of smoke still curled from charred buildings as soldiers gathered bodies and parts of bodies into plastic bags. Discarded uniforms and blood-stained bandages were strewn about a building that had been a barracks.

In the meantime, the guerrillas boasted of the attack over the clandestine Radio Venceremos, describing it as the beginning of a new campaign for the "conquest of peace, bread, work and liberty." More Americans will be killed, they declared, if the Reagan Administration's "interventionist policy" continues. The guerrillas claimed to have killed or wounded 600 Salvadorans, including the the brigade's commander, Colonel Gilberto Rubio. In truth, the number of dead and wounded was probably no more than 130, and Rubio had escaped with a slight injury to his hand.

Nonetheless, the Paraíso attack, in which the guerrillas lost only ten of their men, was both a setback to President José Napoleón Duarte's Christian Democratic government and a reminder to the U.S. that shoring up democracies in Central America is neither cheap nor painless. Drawing further attention to the price of the U.S. involvement in the Salvadoran war, the CIA announced last week that one of its employees had been killed in a helicopter crash in the eastern part of the country. Though the CIA did not identify him, the dead man was believed to be Richard Krockob, 31, of Quincy, Mass.



Staff Sergeant Fronius



Scene of carnage: bombed-out barracks inside army garrison after the surprise nighttime raid

A reminder that shoring up democracies in Central America is neither cheap nor painless.

In the past seven years, the U.S. has provided El Salvador with \$500 million in military aid and \$1.5 billion more in economic assistance. Since 1980 the size of the Salvadoran army has grown fourfold, to 52,000, while that of the guerrillas has dropped from 10,000 to an estimated 5,000 to 6,000. The army's overall mobility and effectiveness have increased markedly, and it is no longer ridiculed as a "9-to-5" outfit whose officers go home on weekends and holidays.

Yet the Salvadoran military is still beset by serious problems. Perhaps the most critical of these is the gulf that remains between the enlisted men, the majority of whom are conscripts from poor rural families, and the officers, who are drawn mostly from the urban middle class. The recruits sometimes distrust the officers for their relatively privileged background, while the officers often suspect their men of being sympathetic to the aims of the guerrillas. After last week's attack, some officers hinted that the guerrillas may have been helped by troops inside the barracks.

Whatever the truth of that charge, it was obvious that the guerrillas knew what they were doing. After the mortar barrage had created confusion in the garrison, the force of about 200 guerrillas apparently cut its way through the defensive wire perimeter and planted explosive charges in the garrison's administration building, officers' quarters and intelligence center. The entire attack lasted about two hours, and by dawn the guerrillas had melted away into the countryside.

The raid was a personal blow for President Duarte, the country's first democratically elected leader in 50 years. Even before the earthquake last October that killed 1,500 and left 100,000 homeless, Duarte had been under sustained attack

by both left and right for his economic policies. The quake caused damage estimated at between \$1 billion and \$2 billion, exacerbating already serious economic problems.

Fiscal reforms, including a hefty devaluation of the currency and a cut in government spending, have raised prices of imports and increased unemployment. Fully 50% of El Salvador's 5 million people are now either unemployed or underemployed. The right opposes such Duarte measures as a special tax to pay for the war. As always, there are rumors of right-wing agitation for a coup. Says a Western diplomat in San Salvador: "Duarte increasingly looks like the meat in the sandwich."

In fact, the President's political support has been declining ever since the breakdown of peace talks with the guerrillas in 1984. At that time Duarte had just defeated the left in an election and was making impressive progress in curbing the excesses of the right-wing death squads, which had been killing as many as 1,000 opponents a month. "If he could have pulled off a peace agreement, Duarte would still be a hero," says another Western diplomat on the scene. "Only peace can make any difference to this tattered economy."

Despite the guerrillas' success at El Paraíso, the country does not appear to be on the verge of military or political collapse. "We don't think this represents an action of strategic significance," says a State Department official of the latest assault. "It shows that a well-prepared guerrilla force is still able to carry out effective attacks. But it does not change the overall military situation." What the raid did demonstrate, however, was that the guerrillas still have the ability to mount such operations and that, for all the U.S. money and training El Salvador has received, there is no end in sight to the war.

—By John Barrell/
San Salvador

World

DIPLOMACY

Giving Better Than She Got

Thatcher carries on a nonstop debate with Gorbachev in Moscow

For a woman who is as punctual as she is punctilious, British Prime Minister Margaret Thatcher seemed to lose all track of time. The occasion was a five-day official visit last week to the Soviet Union that she breathlessly declared her most "fascinating and invigorating" ever. At a performance of Tchaikovsky's *Swan Lake* in Moscow's Bolshoi Theater, Thatcher and Soviet Leader Mikhail Gorbachev delayed the second act for 20 minutes while they conferred over smoked sturgeon about arms control. The next day

Said Georgi Arbatov, director of the Soviet Institute for U.S. and Canadian Studies: "On nuclear issues, President Reagan is more forward-looking than Thatcher. At least Reagan understands that he, humanity and America can't live forever with nuclear weapons."

While the Prime Minister told Gorbachev of her public support for the "zero option" proposal for complete withdrawal of INF weapons, she insisted that any agreement would have to be accompanied by a buildup of U.S. short-range nuclear

terrence as a "safety fuse attached to an explosive device capable of annihilating our civilization." Gorbachev said he saw "no serious obstacles" to an INF agreement with the U.S. Even so, he complained, the West seemed to be asking for a "whole new package of additional conditions and demands" that threatened to bog down U.S.-Soviet INF negotiations.

At the ballet and over two dinners, Thatcher found herself debating not just Gorbachev but also his wife Raisa. Unlike the spouses of most world leaders, the Soviet First Lady has not hesitated to become a full participant in matters of substance. Indeed, her forthrightness, in sharp contrast to the manner of her predecessors, may yet prove troublesome for Gorbachev. Last week the *New York Times* reported that Raisa is the subject of an unflattering underground videotape that depicts her as a vain and extravagant clotheshorse given to stocking up on jewelry and other boutique luxuries during trips to the West. The evident purpose of the tape: to undermine Gorbachev's campaign for domestic reforms.

Thatcher drew large crowds during her sightseeing expeditions, including visits to an apartment complex in suburban Krylatskoye and a well-stocked supermarket, where the PM purchased a can of herring-like fish fillets called pilchards. The Prime Minister also met with Physicist Andrei Sakharov, the dissident leader who was allowed to return to Moscow four months ago from a seven-year exile in Gorky. Sakharov emphasized the importance of Gorbachev's social reforms to the prospects for world peace. Said he: "A more democratic, more open, country is safer for the world as a whole."

But perhaps the high point of the visit was a final 50-minute Thatcher press conference that was broadcast by Soviet TV in its entirety. Peppered with hostile questions from Soviet journalists, the Prime Minister gave far better than she got. She correctly informed viewers that the Soviet Union possesses numerical superiority over the West in intercontinental ballistic missiles, in intermediate-range and shorter-range rockets and in the total number of nuclear warheads—matters that are never brought up by Soviet leaders. "Don't ignore what you are doing in the Soviet Union," she admonished one of her questioners, who grew more rattled by the moment. "We don't."

Thatcher emerged from her Moscow sojourn more convinced than ever that Gorbachev is "someone I can do business with," her description of him following their first meeting in 1984. Moreover, having spent more time with Gorbachev than any other European leader has, she seemed convinced that he is someone with whom the West can do business. That just may be the message Gorbachev wanted her to carry out of their long hours of debate.

—By William R. Doerner.

Reported by Christopher Ogden/Moscow



An exhilarating time: the Prime Minister and the General Secretary enjoy an aperitif at dinner
"A world without nuclear weapons would be less stable and more dangerous for all of us."

Foreign Minister Sir Geoffrey Howe was forced to improvise at a British embassy luncheon when the Prime Minister arrived two hours late. Reason: her morning meeting with Gorbachev had gone into overtime.

No grand diplomatic breakthroughs were achieved. But Thatcher, who is expected to call elections sometime this year, certainly bolstered her stature among voters at home—and among Britain's allies on the Continent. Indeed, she had prepped for the trip by meeting with key West European leaders, and she was anxious to register their measured and skeptical reaction to Gorbachev's proposal for withdrawing all U.S. and Soviet intermediate-range nuclear forces from Europe.

In doing so, she spent a total of 13 hours with Gorbachev in meetings that British officials described as respectful and constructive, though often fiercely argumentative. Her defense of nuclear deterrence was so impassioned that Soviet officials seemed at a loss to describe the chasm that separated the two leaders.

missiles, a category in which the Soviets currently hold a 9-to-1 advantage. Thatcher pulled no punches: "A world without nuclear weapons may be a dream," she declared at a state dinner in the Kremlin's richly paneled Hall of Facets. "But you cannot base a sure defense on a dream. A world without nuclear weapons would be less stable and more dangerous for all of us." She defended Washington's Strategic Defense Initiative, or Star Wars, program. Flatly contradicting Moscow's claims, the Prime Minister declared, "We know similar work is being undertaken in the Soviet Union." She then proposed that Washington and Moscow agree to a timetable for SDI research programs and commit themselves to abide by the 1972 Antiballistic Missile Treaty, at least for a time.

Gorbachev, though seemingly invigorated by Thatcher's directness, nonetheless responded to her views bluntly. "It is beyond our understanding how one can heap praise on nuclear arms," he said. The Soviet leader dismissed nuclear de-

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World

ISRAEL

One Step Ahead, Two Backward

More spy-scandal tensions

Almost a month after Jonathan Jay Pollard was convicted as an Israeli spy, the fallout from the case continued to beset the Israelis. Last week Aviam Sella, the Israeli air force colonel who has admitted enlisting Pollard, a former U.S. Navy intelligence analyst, abruptly quit his command at Israel's giant Tel Nof air base. A hero of the 1981 Israeli raid on an Iraqi nuclear reactor, Sella became a subject of U.S. outrage when he was promoted last month to command Israel's second largest air base days before he was indicted by a U.S. federal grand jury for his role in the Pollard case. In a resignation letter, Sella cited as his reasons the "deterioration in Israel-U.S. relations, and my concern for ... relations with American Jewry."

Colonel Sella insisted that he had stepped down on his own and disclosed that he had offered to resign earlier but was rebuffed by his superiors. The Pentagon promptly lifted its ban against U.S. contact with the Tel Nof base. Israelis, officials and citizens alike, praised Sella's move. Even so, the newspaper *Ma'ariv* reckoned that it was a "brave and hopeless gesture that will contribute almost nothing to dulling the thorns of the Pollard affair." U.S. officials, for example, noted that Spy Chief Rafi Eitan, who ran the Pollard operation and was promoted to head Israel's largest state-run enterprise, is still in his job. "It's like being given the golden handshake," snapped a State Department official.

Washington and Jerusalem continued to eye each other warily, and it was clear that the dispute over the Pollard affair could flare up again at any moment. Yet the U.S. seems to have known of Israeli spying longer than the indignation over Pollard suggests. A 1979 CIA report on Israel's security services, released by the Iranian government after the takeover of the U.S. embassy in Tehran, said Israeli intelligence then targeted both secret American policies involving Israel and classified U.S. scientific data.

Nonetheless, further signs of U.S. irritation—and Israeli reluctance to cooperate—surfaced when the Israeli government barred the departure to the U.S. of a former deputy legal adviser to Israel's Ministry of Defense. He is Harold Katz, an attorney with dual U.S.-Israeli citizenship who has been linked by U.S. investigators to the Pollard case as the alleged owner of the Van Ness Street apartment in Washington where some of Pollard's stolen documents were routinely photocopied. Katz denied knowing about the Pollard operation, insisting that if his apartment was used, "it was with-



On the spot: Rafi Eitan ran the operation

Survival in the face of Washington's ire.

out my permission or knowledge." Still, he says, Israeli officials refused to allow him to go to the U.S. to be interrogated because of his access to classified information.

There was good news for Israelis on another front last week. After meeting with Soviet officials in Moscow, Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations and a prominent critic of Israel's handling of the Pollard affair, and Edgar Bronfman, president of the World Jewish Congress, said that the Soviets plan to allow more than 11,000 Jews who had applied for visas to emigrate this year. Their report coincided with news that 470 Jews had been permitted to leave last month, the highest rate of departure in almost six years. But Soviet Foreign Ministry Spokesman Gennadi Gerasimov denied there was any change in Moscow's policy. Said he: "There can be no quotas." In Washington, Administration officials reacted frostily to Abram's free-lance effort to separate Jewish emigration from the overall Soviet human rights record. "We're not ecstatic that there's the appearance of a sweetheart deal with the Israelis," said an Administration official.

At the same time, Gerasimov announced that a consular delegation would soon depart for Israel from the Soviet Union, which broke off diplomatic relations after the 1967 Six-Day War. Although full diplomatic recognition is not likely anytime soon, the move was the most positive development in Soviet-Israeli relations since last August, when a meeting in Helsinki broke up after just 90 minutes in a heated dispute over Soviet Jews.

—By Jay Branigan

Reported by Roland Flaminis/Jerusalem

FRANCE

All for Love

Paris expels three Soviets

It may have been one of the juicier sex-and-spy scandals of recent times, but no one would have known it from the terse announcements of the French government. After the March 16 arrests of five Frenchmen and two women on vague charges of spying for a "foreign power," France last week ordered the expulsion of three Soviet diplomats. The stated reason: "activities unconnected with their mission and status."

The mystery only whetted the appetite of the leftist weekly *Libération*. The spy ring, the paper reported, was run by the Soviet deputy air attaché in Paris, Valery Konorev, who doubled as an agent for Soviet military intelligence. Among other things, Konorev's gang was reportedly seeking technical information about the rocket engine of the Ariane missile, the launch vehicle used by the 13-member European Space Agency.

According to *Libération*, the Soviet espionage operation got under way in 1985 after Konorev met and seduced a Rumanian woman named Antonetta Manole, who worked at the French National Institute for Statistics and Economic Studies in Rouen, northwest of Paris. She, in turn, allegedly had an affair with her French boss, Pierre Verdier, and brought him into the conspiracy. Verdier later visited Moscow, where he fell in love with a woman named Ludmilla Varygin. The Soviets are said to have agreed to allow Varygin to emigrate to France to marry Verdier, but only if he would provide them with important technical information. That was too much for Manole, the jilted Rumanian, who blew the whistle on the spy ring by writing to Premier Jacques Chirac several months ago.

The Soviet embassy in Paris last week dismissed the entire tale as "pure fantasy" and in Moscow the Foreign Ministry expelled four French diplomats and two French businessmen. The tit-for-tat comes at a bad time: Chirac is due to visit Moscow in May.



Wedding bells: Ludmilla and Pierre

World Notes



Haitians at the polls: yes to a constitution



Not so happy: Prelate Seraphim



Some surprise: condoms in a basket at the Shangrila

HAITI

Voting Out the Evil Spirits

From the shantytowns of Port-au-Prince to the fishing village of Pestel in the south, Haitians last week peacefully crowded to the polls to cast their votes for a new constitution. More than 40% of the electorate, an astonishing figure considering the country's pervasive illiteracy, turned out and approved Haiti's new charter by 99.8%.

The new constitution should preclude another dictatorship like that of the Duvaliers, which after 29 years in power was overthrown 14 months ago. If all goes according to plan, the current military council will disband next February and turn over power to an elected President, who will share power with a Prime Minister. Both will be answerable to a 97-member legislature. Governing under such a system will no doubt be difficult. But most Haitians agree it is essential in a country where the legend of the Duvaliers is more terrifying than the spirits of the dead.

GREECE

Old Lands, New Hands

In the 160 years since a Greek Orthodox priest first raised the banner of revolution against

Ottoman rule, affairs of church and state in Greece have been closely intertwined. Last week in Athens the church, under the leadership of Archbishop Seraphim, again raised its standard, this time against the Socialist government of Prime Minister Andreas Papandreou. Black-robed priests joined more than 50,000 supporters outside Parliament, waving crucifixes and chanting, "Hands off the church."

The protest fell on deaf ears. Parliament passed a controversial bill aimed at stripping the church of control of much of its property. At stake are 325,000 acres of farmland that the government wants for state-run collective farms. While church leaders have vowed to fight the legislation in the courts if necessary, some observers say the stage is now set for a second round of bargaining that could end in a face-saving compromise acceptable to both sides.

SOUTH AFRICA

The Majority Finds a Way

Though whites are excitedly gearing up for national elections on May 6, the occasion has prompted only yawns from the black majority of South Africans. Since they are not allowed to vote, the *Sowetan*, the country's largest black daily, published in the Johannesburg suburb of Soweto, decided to

hold an election of its own. Several times a week it carries a printed ballot asking readers to list their top ten candidates to lead the country.

With just over a month to go, the front runners, not surprisingly, are Nelson Mandela, the black nationalist leader who has been imprisoned since 1962, and Oliver Tambo, the exiled head of the outlawed African National Congress. Nobel-prizewinning Anglican Archbishop Desmond Tutu runs a close third. Even some whites received approving nods from the opposition politicians Frederik van Zyl Slabbert and Helen Suzman to Communist Party Chief Joe Slovo, the sole white member of the ANC executive committee. But most surprising of all, State President PW Botha turned up in 14th place.

CANADA

A Welcome for Safe Sex

Luxury hotels around the world coddle guests by stocking vials of shampoo and mouthwash, small cans of shaving cream and plastic shower caps in their bathrooms. Now the Shangrila Hotel in Montreal may have started a trend in giveaways. Aware of concern over the AIDS epidemic, management is going to tuck condoms in the welcoming baskets. Says General Manager Pierre Quintal: "We are not

condoning any type of promiscuous activity. Like the other products offered in the hotel's rooms, they are there to use if you have the need for them." Sniffed a spokesman at the city's Ritz Carlton, which has no plans to follow the Shangrila's lead: "I don't think it would be appropriate for our guests."

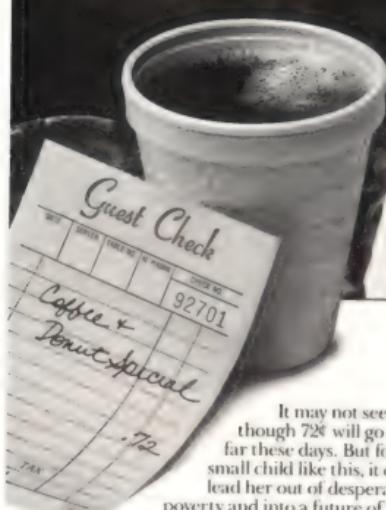
BRITAIN

And Next Year, Killer Pasta

Readers of London's *Daily Mail* were appalled last week to read that a goldfish nicknamed George had leaped out of his bowl and taken a bite out of 12-year-old Amanda Baker's hand. A photograph showed the shaken girl holding up her bandaged limb. The killer goldfish, the paper explained, was the result of an attempt to breed a male piranha with a female goldfish. The same day the *Guardian* reported that the world's first photograph, some 200 years old, had been located in a Japanese cave.

Signs and portents? No, just the usual April Fools' Day fare from Fleet Street. It was not a bad year. But old-timers agreed that this year's fodder for the gullible did not measure up to the 1957 classic, when BBC TV had viewers believing they were watching footage of peasants busily harvesting pasta from spaghetti trees in an orchard on a Swiss-Italian farm.

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Medicine

Back to Normal

Hope for Parkinson's victims

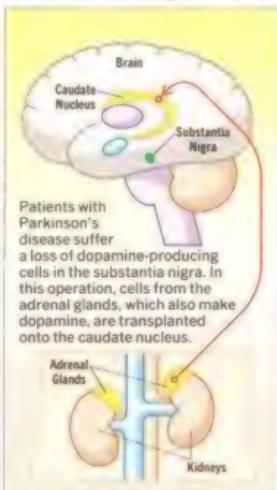
The symptoms had begun in their early 30s for both men. First there was the mild stiffening of limbs and the tremors that mark the onset of Parkinson's disease. Then came the gradual loss of muscle control, leaving them prisoners in their own bodies—mentally lucid but physically unable to eat, urinate or comb their hair without assistance. Levodopa, the most common treatment for the debilitating illness, had ceased to work for one man and could not be tolerated by the other. Nor were other drugs of use. Facing further deterioration, the two agreed to become guinea pigs in a remarkable experiment conducted at La Raza Medical Center in Mexico City and reported in last week's *New England Journal of Medicine*. The results: one man, previously confined to a wheelchair, can now play soccer with his son and hopes to return to work; the other is no longer incapacitated by incessant trembling and can speak clearly for the first time in years.

The procedure that brought about these transformations is an unusual transplant operation, in which tissue taken from one of the adrenal glands, located above the kidneys, is implanted into the brain. Doctors have known for years that the symptoms of parkinsonism result primarily from the death of cells in a darkly pigmented part of the brain known as the substantia nigra. This region serves as a production center for dopamine, a vital neurotransmitter that helps govern such voluntary actions as walking and speaking. As it happens, there is another site in the body, outside the brain, that produces substantial amounts of dopamine: the inner core of the adrenal glands. By transferring dopamine-producing adrenal cells into the brain, Dr. Ignacio Madrazo and his colleagues hoped to replenish the supply of this neurotransmitter and thus restore normal function.

To Madrazo's amazement, the effects of the operations, performed in March and October of last year, became apparent in a matter of days. In the case of one of the two patients, he noted in the *Journal*, "functional recovery occurred on an almost daily basis." Both men are now leading normal lives, says Madrazo, and one has resumed managing his own farm. The loss of one adrenal gland has not presented any complications. Nor is rejection a problem, because the grafted tissue is the patient's own. Encouraged, Madrazo's team has tried the procedure on eight other patients. They are "doing well," Madrazo says, but it is too soon to assess the effects.

The transplant procedure was not without precedent. Beginning five years

ago, doctors in Sweden tried similar surgery on four Parkinson's victims. They achieved only slight improvements that soon faded. Madrazo credits his team's success to modifications in surgical technique. The Swedes had transferred the adrenal tissue directly into a C-shaped structure in the middle of the brain called the caudate nucleus, where dopamine exerts its primary effects. The Mexicans, by contrast, used surgical staples to anchor the cells onto the exterior of the caudate, which is continually bathed in cerebrospinal fluid. This nourishing bath may have



helped the graft survive. In addition, Madrazo says, he transplanted "much more" tissue than did his predecessors.

For the estimated 1 million Americans with Parkinson's disease, the Mexican research offers new hope. "If these results turn out to be valid and replicable, this would be a major advance," says Neuroscientist William Freed of the National Institute of Mental Health. Current treatments for Parkinson's are far from ideal. Levodopa, which is chemically related to dopamine, can cause irregular heartbeats, paranoia and depression, and ceases to be effective after prolonged use. Freed and others are eager to see if the new technique will work in older patients (most Parkinson's victims are over 50), and if its benefits will last. If so, says Freed, "the procedure could eventually have implications for treating other neurological disorders, such as Alzheimer's and Huntington's diseases." —By Claudia Wallis.
Reported by Andrea Dabrowski/Mexico City and Andrea Dorfman/New York

Yalta of AIDS

Ending a bitter feud

For two years the battle served as a rude reminder that science is no stranger to politics, greed or egotism. The combatants: Dr. Luc Montagnier of Paris' Pasteur Institute and Dr. Robert Gallo of the National Cancer Institute. At issue: who first identified the AIDS virus, and who should own the patent for developing the tests used to screen blood for AIDS infection. At stake: \$5 million a year in royalties from the tests, plus no small measure of national pride and, quite possibly, a Nobel Prize. Thus it was fitting that when the squabble ended last week, its resolution was announced in no lesser place than the White House by no lesser figures than President Ronald Reagan and French Premier Jacques Chirac.

Dubbed the "Yalta of AIDS" by the Paris press, the pact credits both labs equally for inventing the blood tests, ending litigation brought by Pasteur against the American researchers. The text does not answer the question of who discovered the AIDS virus, offering instead a chronology of relevant discoveries by Gallo, Montagnier and others. It leaves interpretation to historians and the Nobel Committee. "For us, this agreement is very satisfying," declared Maxime Schwartz, deputy director at Pasteur. Said Gallo: "I'm very happy and look forward to being able to concentrate with more depth than I have lately."

The agreement was hammered out over many months and in several countries—wherever the peripatetic scientists happened to be attending meetings. Both sides praised Dr. Jonas Salk, developer of the polio vaccine, for serving as unofficial mediator. "It seemed like an unhealthy state for all concerned," reflected Salk, who stepped in after speaking with both scientists at an AIDS conference in Paris last June. "It was not in the best interest of either science or the public to have this linger." Salk also helped devise the most generous stroke of the agreement: the creation of a new foundation to sponsor AIDS-related research, education and public-health efforts. Both scientific teams have agreed to contribute 80% of their royalties to the foundation.

Meanwhile, Reagan last week offered his first public statement on the controversial issue of AIDS education in public schools. In an address to the College of Physicians of Philadelphia, he vowed to find a cure for what he called "public-health enemy No. 1" but stressed that the battle against the fatal disease must be coupled with instruction in moral values, including the need for sexual abstinence. "When it comes to preventing AIDS," he observed, "don't medicine and morality teach the same lessons?" ■

Economy & Business



SHELLY KATZ

Big Mac Strikes Back

Burger bashers, watch out! McDonald's is on a roll

We're becoming a nation of hamburger flippers!" cried the economists, more or less. "We're seeing the McDonaldization of Main Street!" wailed the city planners. When the anti-McDonald's griping began to heat up not long ago, it even earned a name: burger bashing. All sorts of experts wanted to attack Big Mac as a symbol of all that was wrong with America's eating habits, its mass culture and its economic development. Walter Mondale, among other politicians, criticized the hamburger chain's minimum-wage jobs as grim substitutes for well-paying blue-collar work. Nutritionists despaired over the high fat and sodium content of McDonald's fare, while food snobs ridiculed creations like Big Mac's "special sauce" as gooey and gross. Even investors, who had been smitten with McDonald's stock for two decades, were predicting that a glut of golden arches would soon put an end to the chain's glory days of growth.

But Ronald McDonald and his fans may get the last laugh after all. The world's largest food-service company (1986 profits of \$480 million on sales of \$12.4 billion) is showing that it can be far more aggressive, imaginative and socially savvy than almost anyone has given it credit for. Mc-

Donald's is now trimming the fat and shaking the salt from its food, installing sleek outlets in U.S. airports and hospitals, taking its burgers to such far-flung locales as Yugoslavia and Guam and serving as a leading U.S. employer of minorities and the elderly. Thanks to its current vitality, McDonald's is maintaining its growth while such rivals as Burger King and Wendy's appear to be slowing down.

McDonald's is proving to be an almost unstoppable—and in many ways positive—social and economic force. Particularly at a time when so many U.S. businesses are restructuring and getting back to basics. McDonald's as a corporation looks more and more like a case study in how to concentrate on providing one service exceedingly well. While McDonald's may still represent junk food and throwaway culture to some people, many others are making a more generous assessment of the hamburger giant's value. Even Soviet television, which in the past has portrayed the hamburger chain as a capitalist conspiracy to sell tasteless food, broadcast a report last November that lauded a McDonald's outlet in Manhattan as a model of speedy and friendly service. Intoned the commentator: "Maybe there is something we can learn from this."

The past few weeks have been typical-

ly productive for McDonald's. At its current pace of opening a new outlet every 17 hours, the chain last month christened some 40 new restaurants in places ranging from Manhattan, Kans., to Munich, West Germany, bringing the total number to about 9,530 worldwide. At the same time, the promotion-minded company launched its largest-ever contest, a Monopoly-based game in which 500 million tickets will be given out and \$40 million in prizes awarded. And last week the corporation, which is based in Oak Brook, Ill., and takes pride in its all-American image and the exploits of its millions of alumni, practically burst with delight when one of its former burger flippers, Keith Smart, became the game-winning hero for Indiana in the N.C.A.A. basketball final.

Indeed, McDonald's has become such a pervasive reference point in American life that many consumers think of the company as a public institution—one that is often more reliable than the post office or the phone company. McDonald's estimates that 95% of all U.S. consumers eat at one of its restaurants at least once a year, and that the average customer visits the chain 20 times annually. The company claims to serve 17 million U.S. customers each day, providing more than 11% of all dinners away from home and 25% of

breakfasts. Observes Conrad Kottak, professor of anthropology at the University of Michigan: "You can hardly spend a day without seeing a golden arch. It's a symbol of security."

The golden arches stand tall over the competition in the huge fast-food industry, which rang up sales of \$50.5 billion last year. McDonald's market share: 19%, in contrast to Burger King's 9% and Wendy's 5%, according to Analyst William Trainer, who follows the industry for Merrill Lynch. While the other hamburger chains posed fast-growing threats to McDonald's in past years, the rivals now have generally turned down the heat on their expansion.

One major reason for McDonald's dominance is the company's huge advertising budget, which amounted to an estimated \$700 million last year, far more than its next two competitors combined. Burger King stumbled during the past year with its nerdy "Where's Herb?" campaign, while Wendy's has been unable to follow up on the success of its faddish "Where's the Beef?" commercials. But McDonald's made a big impression once again with commercials portraying the chain as a caring institution. "We spend a bundle trying to stimulate good feelings about the company. We don't knock our competitors," says Michael Quinlan, the company's 42-year-old president and chief executive. One McDonald's spot, called "Silent Persuasion," in which one deaf student uses sign language to propose to another that they visit a McDonald's on the way to the beach, was the second most popular U.S. commercial of 1986, according to Video Storyboard Tests, which polls consumers.

McDonald's has cooked up some popular new products too. Its McD.L.T. sandwich, a lettuce-and-tomato burger packed in a two-compartment box to keep the hot side hot and the cool side cool, has proved to be a beefy competitor to Burger King's Whopper and Wendy's Big Classic. The McD.L.T., introduced nationally early last year, is the company's biggest success since Chicken McNuggets debuted in 1983. At the moment, McDonald's is test-marketing a more unexpected offering: McPizza.

As McDonald's outlets multiply, the company is taking an increasingly important role as an employer. The company currently carries more

than 560,000 workers on its payroll, up from 233,500 ten years ago. Yet most McDonald's employees start at the minimum wage of \$3.35, which for a full-time worker amounts to only \$6,968 a year. For that reason, McDonald's has been singled out as evidence of the booming service economy's inability to create dignified and meaningful new work. Says Robert Reich, a lecturer at Harvard's Kennedy School of Government: "Compared to the old blue-collar jobs that have been lost, these jobs represent a serious setback."

Instead of viewing McDonald's jobs as a replacement for lost industrial work, other economists see the company serving a different but still valuable role as an employer of the marginal members of the

work force: ghetto youths, undergrads working their way through college, displaced homemakers and retired people. What makes McDonald's attractive for those employees are the highly flexible work hours and on-the-job training. McDonald's is the biggest trainer of workers in the U.S., having employed at one time or another an estimated 7% of all current U.S. workers, or about 8 million people. For job seekers with almost nothing to put on their résumé, a stint at McDonald's counts for something. "People who have worked at McDonald's make excellent bank tellers," attests Robert Wilmers, chairman of Manufacturers & Traders Trust in Buffalo.

McDonald's constantly shifts along with the changes in the U.S. work force. For example, the post-baby boom shortage of McDonald's traditional workers, suburban teens, has prompted the company to recruit older workers through a program called McMasters. Roughly 10% of McDonald's workers are over 50, and 5% are over 60. At 83, Anne LaFave wields a mop as a cleaning worker at a Chicago outlet, a job she has held for seven years. Says she: "I have a whole new family, all the kids in the store. I'm happy to stay busy."

While McDonald's employees generally praise their working conditions and the respect accorded them by their bosses, they find the wages inadequate to support one person, much less a family. Rick Laviak, 16, who has worked at a suburban San Diego outlet for more than a year, enjoys his job but thinks his \$3.60-an-hour wage is meager considering that he gets no food discount and is expected to act as a teacher for new employees. Says he: "They want me to be a crew trainer without the pay." Partly for that reason, turnover among hourly workers at McDonald's outlets is high, sometimes nearly 100% a year.

Yet the jobs are not necessarily dead-end ones, since each McDonald's outlet offers a career path of salaried jobs in which store managers typically earn \$25,000 and junior managers \$12,000 to \$17,000. And managers can aspire to opening their own McDonald's, since most of the chain's restaurants are started by individual entrepreneurs. The initial investment in a franchise outlet is typically \$325,000, but the return can be high. Other ambitious store managers can move up to illi-



St. Louis: a riverboat-style eatery serves visitors to the Gateway Arch



Phoenix: an outlet at St. Joseph's Hospital replaces the old coffee shop



Chicago: luring customers with nostalgic decor, including a '59 Corvette. Unlike the Hulaburger, the beefy McD.L.T. has been a smash hit.

Economy & Business

nois headquarters, where almost 40% of executives got their start flipping hamburgers. The company employs relatively few M.B.A.s.

But whatever McDonald's social value as an employer, its impact on America's nutrition remains controversial. One of the perennial criticisms of McDonald's is the fat, sugar and salt content of its menu. The Quarter Pounder with Cheese, for example, contains an estimated 1,220 mg of sodium, which for a person on a strict low-salt diet might exceed an entire day's allotment. Yet during the past several years the company has tried to improve its food's nutritional value, in part by reducing the fat and salt content of some items. In a current advertising campaign, McDonald's says it has lowered the sodium level of its pork sausage by 32% and its pickles by 21%. Last year the company started frying its fish and chicken in pure vegetable shortening instead of animal fat, which lowers the cholesterol level significantly.

Nutritionists still say the burger chain should offer a much more balanced menu because of the burgeoning amount of fast food that Americans now eat. Annual per capita french-fry consumption alone, for example, has increased from 2 lbs. in 1960 to 14 lbs. in 1984, according to Michael Jacobson, executive director of the Center for Science in the Public Interest. Jacobson, the Ralph Nader of the fast-food industry, thinks McDonald's ought to offer some broiled food instead of fried, and points out that the company has been slow to offer such low-fat fare as baked potatoes and salad bars. But McDonald's is finally starting to cater to the salad set. Right now the company is testing prepackaged, freshly assembled salads in about 40% of its U.S. outlets. The flavors: chef's, shrimp, garden or chicken oriental.

Only a few years ago, the popular wisdom among fast-food analysts was that McDonald's growth would have to slow down because it had already built an outlet in nearly every feasible location. Since then, though, McDonald's has expanded far beyond its traditional base in the suburbs. The company has built more than 50 outlets on U.S. military bases, five on university campuses and one at a public zoo. At St. Joseph's Hospital in Phoenix, where a McDonald's outlet has replaced the coffee shop, doctors and nurses line up for burgers between rounds. The company has even developed a McDonald's small enough to fit in virtual cracks in the wall: McSnack. These tiny stands, three so far, have been installed in locations too cramped for a regular McDonald's, and offer shortened menus and limited seating.

Another potential impediment to McDonald's growth was the resistance of neighbors. Residents of elite communities,

among them Martha's Vineyard and Manhattan's Upper East Side, staged bitter fights to block the building of local McDonald's outlets. Stung by such criticism, McDonald's has tried to make its presence more welcome in recent years by toning down its garish yellow arches and designing restaurants that insinuate themselves into the neighborhood. On the Mississippi River in St. Louis, a McDonald's is housed in a floating reproduction of an 1880s side-

or 9% of McDonald's U.S. outlets are owned by blacks and Hispanics; to boost that average, 45% of potential owners currently in training are members of minority groups.

McDonald's next frontier is the rest of the world, where it has already made considerable progress. The company boasts some 2,140 foreign outlets in 42 different countries ranging from Nicaragua to the Netherlands. Today the golden arches grace some of Europe's most expensive real estate: next to Westminster Cathedral in London, on the corner of the Boulevards St. Michel and St. Germain in Paris, and opposite Parliament in the Hague. The biggest Mac branch of all, with 575 restaurants, is in Japan, where the company is known as Makudonarudo, or Makku-san for short.

Not everyone, however, has been delighted with McDonald's hamburger imperialism. In the Brazilian city of São Paulo, where McDonald's has 16 outlets, hundreds of local restaurant owners and tavernkeepers marched through the streets last May to protest the incursion of American junk food, shouting, "Down with hamburgers!" and "Long live the corner bar!" Despite such friction, McDonald's plans to open 200 foreign outlets this year.

McDonald's corporate structure has become a model often cited by management gurus. The company's highly decentralized management runs its franchises with an unusual mixture of strict regimentation and entrepreneurial freedom, a style handed down by the late company founder, Ray Kroc. On one hand, McDonald's is a stickler for uniformity, indoctrinating its future managers at Hamburger University, where they learn that a 5-gal. pickle pail must contain at least 3,000 slices. On the other hand, McDonald's realizes that corporate headquarters is not always the best place to come up with market-sensitive ideas. One object lesson was a headquarters brainstorm years ago known as the Hulaburger, a pineapple-and-cheese combination that flopped in a big way. By contrast, the Big Mac, Egg McMuffin and McD.L.T. were all dreamed up by individual McDonald's operators.

Sticking tenently to the one business it knows best, McDonald's has been able to stay clear of Wall Street's merger-and-restructuring mayhem. The single-minded outfit prefers as few distractions as possible from its imperatives of "cleaner, faster, hotter." Diversify? No way, said Chairman Fred Turner recently to a fellow executive. "We have 16,000 rest rooms," noted Turner. "As soon as those are all clean, we'll talk diversification." Considering McDonald's penchant for perfectionism, that time may be a long way off.

—By Stephen Koepp.

Reported by Lee Griggs/Oak Brook and Frederick Luehrheuer/New York



Rosemary De Bolt, 60, serves up fries in West Phoenix

wheeler, complete with brass-trimmed chandeliers.

While McDonald's once avoided inner-city neighborhoods, it now pushes into depressed areas where some other nationwide chains would fear to make any investment. Says Company President Quinlan: "Often we're the only bright, shiny thing around. Sometimes we're even the showcase." A total of some 650,



Testing pickle-slice thickness in the food lab
The founder was a stickler for uniformity.

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Japanese Nameplate	Problems Per 1,000 Cars	European Nameplate	Problems Per 1,000 Cars	Domestic Nameplate	Problems Per 1,000 Cars
Toyota	135	Mercedes-Benz		Lincoln	
Honda		Volkswagen		Mercury	
Nissan		Audi		Buick	
Mazda		BMW		Oldsmobile	
Mitsubishi		Porsche		Cadillac	
Isuzu		Saab		Chevrolet	
Subaru		Volvo		Ford	
		Jaguar		Pontiac	
		Alfa Romeo		Plymouth	
		Peugeot		Chrysler	
			European Average 266	AMC/Renault	
				Dodge	
				Merkur	
				Domestic Average 268	

In the same independent nationwide survey, owners of the 143 best-selling new 1985 individual models were asked about problems with their vehicles. The most trouble-free car of all was a Toyota.* The top four most trouble-free were Toyotas. Six of the top ten were Toyotas. It's no wonder Toyota ranked #1. That's why over 1,000,000 Americans bought new Toyota cars and trucks in 1986.**

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A Case of Bottom-Line Blues

Banks boost the prime and take a hit from Brazilian loans

A cautious and circumspect breed, bankers are rarely surprising. Last week, though, U.S. lenders managed to startle some of the most seasoned financial experts. The first jolt came when Citibank and Chase Manhattan hiked their benchmark prime rate on loans to commercial customers from 7.5% to 7.75%, its first rise in nearly three years. Several major banks soon followed suit. Two days later, seven leading banks had announced that they would take the serious step of reclassifying their loans to Brazil to a "nonperforming" status. That means that the banks' books will no longer maintain the fiction that Brazil is still paying interest. The decision will sharply slash the lenders' first quarter profits.

Both moves were surprising on several counts. A rise in the prime usually follows an increase in the banks' cost of borrowing. But this time these expenses have remained relatively stable. Says Nicholas Sargen, an economist at Salomon Brothers: "We were scratching our heads over why they did it." The timing of the Brazilian loan action was equally puzzling. Since Feb. 20, when Brazilian President José Sarney declared his country would suspend interest payments on \$68 billion of its foreign debt, observers wondered whether banks would have to reclassify their Brazilian loans. But since federal regulations do not require such a step until interest payments are 90 days past due—in this case no earlier than May 21—it was generally assumed that banks would respond later rather than sooner.

The banks' quick action was apparently designed to show Brazil and the financial community that they can weather the current Latin debt crisis. In part to compensate for the Brazilian losses, banks boosted the prime rate, which is widely used in determining the interest not only on commercial credit but on home-equity and other consumer loans. The rate hike means more interest income and profits for the banks.

Businesses and consumers wondered whether the rise in the prime heralded a new and sustained climb in interest rates. Surprisingly, the stock market, which can panic at even a hint of high interest rates, discounted last week's move in the prime. After plunging early in the week because of the decline in the dollar and concern about a possible U.S.-Japan trade war,



stocks rallied strongly. On Friday the Dow Jones industrial average skyrocketed 69.89 points, a new one-day record. The Dow closed at an all-time peak of 2390.34, up 54.54 points for the week.

The bulls of Wall Street seem to be betting that the Federal Reserve Board will not allow interest rates to rise sharply. Such a policy would endanger a vulnerable economy, which grew only 2.5% in 1986. Last week's employment report from the Labor Department offered evidence that the economy is still in the doldrums. Though the overall unemployment rate fell slightly, from 6.7% to 6.6%, the number of jobs actually declined in the important manufacturing and construction sectors.

While the prime-rate rise will help bolster bank profits, it cannot begin to make up for the reclassification of \$6.8 billion worth of Brazilian loans. Seven major banks will see their profits reduced by a combined \$112 million for the first quarter. At BankAmerica, 40% of quarterly earnings could be lost, while Manufacturers Hanover could take a hit of as much as 20%. If Brazil does not resume making interest payments on its debt this year, 1987 earnings would be reduced by some \$1.9 billion for all U.S. banks. Anticipating such losses, Standard & Poor's has lowered the credit ratings it assigns to several of Brazil's U.S. lenders, including Chase and Chemical Bank.

For the Mellon Bank, Latin debt is contributing to a dismal financial situation. Last week the Pittsburgh-based institution announced it would post a first-

quarter deficit of between \$55 million and \$65 million, the first in its 118-year history. Mellon will also cut its quarterly stock dividend in half, to 35¢ a share. Besides the \$10 million worth of losses on Brazilian credit, the bank is reeling from bad industrial, energy and real estate loans.

To many observers, the banks' decision to reclassify Brazilian loans is as much a negotiating ploy as a financial move. Brazil may have hoped that the prospect of forgone interest income and sharply reduced bank profits would force U.S. lenders to give in to its demands for easier terms. But now that several major banks no longer assume they will receive Brazilian interest anytime soon, the debtor's threat to withhold payment indefinitely is less menacing. Says one banker: "We are saying to Brazil, 'We can survive.'" New negotiations begin this week in Manhattan between representatives of U.S. banks and Brazilian banking and government officials.

The Brazilian posture was outlined by Finance Minister Dilson Funaro in a speech he gave last week before the ruling Brazilian Democratic Movement Party. Funaro repeated his vow to withhold interest payments until a debt-restructuring agreement is worked out. Any pact, he said, must involve a reduction in Brazil's interest obligations. Such a decline is necessary, Funaro argued, in order for the Brazilian economy to expand.

While the Finance Minister did not criticize U.S. lenders, many Brazilians did. Said Senator Severo Gomes, a member of the ruling party: "There can be no attitude of flexibility toward the banks." Said Aldo Lorenzetti, a São Paulo-based businessman: "Each side is baring its teeth and sharpening its claws to get the best possible result in the negotiations."

The meetings will probably drag on for months. American bankers have shown they are able to back up tough talk with firm action. Brazil, for its part, gives no sign of softening its aggressive posture. One side—or both—will have to give a lot of ground.

—By Barbara Rudolph

Reported by John Barham/São Paulo and Frederick Ungheuer/New York

COUNTING THE LOSSES

Banks with largest Brazilian exposure	Outstanding loans to Brazil, in billions	Amount banks stand to lose in 1st Q because of reclassifying, in millions	% of projected 1st Q profits that could be lost
Citicorp*	\$4.6	\$50	18%
Chase Manhattan*	\$2.7	\$22	16%
BankAmerica	\$2.7	\$40	40%
Manufacturers Hanover	\$2.2	\$18	15-20%
J.P. Morgan	\$1.9	\$20	9%

Source: Keefe, Brusell & Woods and Fox/PRI/Julian

*Estimate

TIME Charts by Cynthia Dorn

Business Notes



The reactor control room was good for a nap



Bud Light ads are breeding interest in bull terriers



The chairman we all knew and loved

MEDIA

Harper & Row ... & Rupert

His \$2.7 billion communications empire already straddles three continents and, via satellite, reaches into space. Still, Media Mogul Rupert Murdoch detected a weak spot: no major U.S. publishing house. Meanwhile, 170-year-old Harper & Row, which has published authors ranging from Mark Twain to Alexander Solzhenitsyn, was the target of at least two takeover bids. Without so much as a rumor, Murdoch swept in with a bid of \$65 a share, clobbering a \$34 offer from Magazine Publisher Theodore Cross and the \$50 price proposed by rival publisher Harcourt Brace Jovanovich. Harper & Row quickly accepted the \$300 million deal last week.

The publishing house will fit neatly into Murdoch's media domain, built mainly in his native Australia, Britain and the U.S. His holdings now include major newspapers in all three countries, a Hollywood movie studio, and the Sky Channel TV satellite that serves 15 European countries. Murdoch's new TV network, Fox Broadcasting, begins beaming prime-time programs to 108 U.S. stations this week.

If Murdoch succeeds with his plan to integrate some of Harper's operations with those of his Glasgow-based William Collins publishing house, the

result could be what Brooks Thomas, Harper's chief executive, calls, "perhaps the major English language publisher in the world." Adds he: "Rupert Murdoch has very deep pockets and a very broad view."

NUCLEAR SAFETY

Wake Me If It's a Meltdown

Sleeping on the job is rarely productive, but in the control room of a nuclear power plant it can spell catastrophe. For that reason, officials of the Nuclear Regulatory Commission took swift action last week. While investigating a tip, they learned that control-room operators and supervisors at the Peach Bottom nuclear plant near Delta, Pa., have been regularly sleeping at the switch for at least the past five months. Calling the power station, which is 35 miles northeast of Baltimore, an "immediate threat to the public health and safety," NRC officials ordered the plant shut down—the first such action taken by the agency because of operator deficiencies.

Philadelphia Electric runs two reactors at Peach Bottom, one of which had been shut down for refueling at the time of the NRC order. The utility now has to show why the plant should be allowed to go back on-line. A spokesman said the company is investigating the charges.

TAXES

We Take Liras, Yen and Pesos

For an American in Paris or a Melanesian microchip maker in Minneapolis, the message from the Internal Revenue Service is the same: pay up! The IRS announced a crackdown on American tax evaders living abroad and foreign-owned companies that are operating in the U.S. The Government says that it loses \$2.3 billion a year because 61% of the 1.8 million Americans living abroad do not file returns. And an IRS survey of 12,000 foreign-owned U.S. corporations showed that up to 80% pay little or no tax.

The Government will soon have some new weapons to use against cross-border tax cheating. Starting next year, the State Department will give the IRS the names of all Americans who apply for or renew passports. Meanwhile, the IRS will be adding 25% more auditors, whose primary mission will be to examine the returns of foreign-owned businesses.

ADVERTISING

Spuds Brews Puppy Love

Since a new Bud Light beer commercial first flickered on prime-time television during January's Super Bowl, Ameri-

ca has been going to the dogs—bull terriers, that is. Bud's campaign stars Spuds MacKenzie, bull terrier and bon vivant. Suddenly, pet-shop customers are pursuing pups like Spuds, which fetch prices up to \$1,200 apiece. "Everywhere I go now, it's 'I want a Spuds dog,'" reports Evelyn Jackson, executive secretary of the Bull Terrier Club of America. Inquiries are up 75% at Jerry's Perfect Pet Shop in Dallas. Customers in St. Louis are so bullish that Petland had to put the dogs on back order.

TRADEMARKS

Smoke Alarm At the Fed

Say it ain't so, Mr. Volcker. Tell us that the reports we've been reading—that you have stopped smoking cigars—aren't true. How will unimaginative journalists be able to describe you if they can't write.

Paul Volcker, the towering 6-ft. 7-in., cigar-smoking chairman of the Federal Reserve Board? How will you blow enough smoke to shroud your policies in secrecy? How do we know that going cold turkey won't make you irritable and prone to raising interest rates? Sure, we realize that it will be good for your health to give up those 28¢ Antonio y Cleopatra Grenadiers. But consider this momentous step carefully. Trademarks should not be abandoned lightly.



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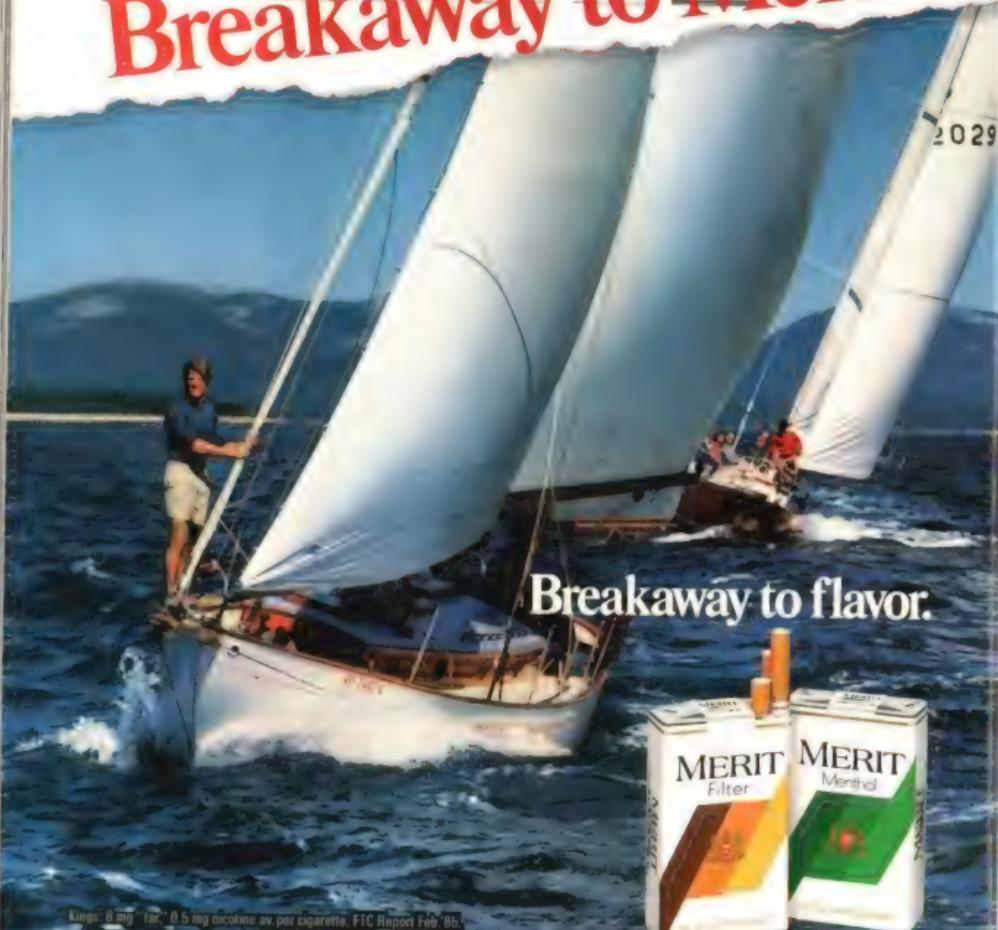
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Sport



The coach of many faces: patrolling the Superdome sidelines last week while winning his third N.C.A.A. title in the past twelve years

College Basketball's Knight-Errant

The championship is back home again in Indiana

If Bobby Knight had played a little more at Ohio State 25 years ago, college basketball might be a little seemier today. By expert accounts, he was a better player than many people remember, though not as good as he thought. The trouble was, his college teammates in 1960 included John Havlicek, Jerry Lucas and Larry Siegfried, who went on in the pros to amass 14 championship rings. Knight began on the bench, and is still on the bench. His space in the Hall of Fame has been fashioned out of pine.

In order to start coaching at West Point, he was obliged to join the Army. PFC Knight earned \$89 a month and all the cads he could eat. Under an impermeable head coach named Tates Locke and an institutionalized system of hazing,

Knight instantly burst forth as the most undisciplined disciplinarian since General George S. Patton, or at least Woody Hayes. By 24, he was the head coach at Army; by 30, he had moved over to Indiana University, and as of last week Knight's Hoosiers are the national champions for the third time in twelve years.

Hoosiers is a hard term to define, though a current movie of that name picks at the synonyms of Indiana, basketball and Knight. The opening scene of rural roads, buckets and barns is faithful to Knight's picture of the place. Driving along, he likes to count the hoops. His best player, Guard Steve Alford of New Castle, learned to count on a scoreboard. Ever since Alford was a high school "Mr. Basketball," the Midwestern equivalent of a

peerage, even his regimen on the foul line has been as famous in Indiana as the frost. (Touch your socks, your shorts; one dribble, two dribbles, three, shoot, swish.)

The coach in the film, like Hayes at Ohio State, once punched a player and disappeared. But the object of his assault, much more like Knight, was his own player. Knight regards himself as a teacher with a classroom full of difficult students, though he is no missionary. "The state of Indiana pays the corrections officer one salary and me another. Let him work with the incorrigibles," Knight only treats them like incorrigibles.

"Do you think I'm unyielding?" he asks Dean Garrett playfully, clasping a fist to the back of his center's neck. "No," Garrett answers sheepishly. "Am I unyielding?" he turns to Forward Daryl Thomas. "No, sir." It is the eve of the title game, and the press invites Alford into the discussion. Socks, shorts, one, two, three. "I've survived for four years," he

Dr. K Strikes Out

The prince of baseball, who struck out the All-Stars as a rookie, struck himself out last week. Pitcher Dwight Gooden, 22, will start his fourth Mets season at a drug rehabilitation center in New York City. A urinalysis he was not required to undergo, but which he pretended to welcome as a remedy to last year's rumors, revealed traces of cocaine. Forestalling a certain suspension by Commissioner Peter Ueberroth, Gooden elected immediate treatment and a disabled status that could extend for months.



Gooden entering clinic

When he struck out 276 in 1984, shattering the rookie records of Grover Cleveland Alexander and Herb Score, baseball heralded a new pitcher for the ages. After an even better year, before his 21st birthday.

Gooden was the National League Cy Young Award winner with a record of 24 and 4 and an earned-run average of 1.53. Only relative to his own special skills was Gooden's 17-and-6 performance last season, considered suspicious. The Mets won the world championship, but their ace lost two games in the World Series.

Off the field, the seemingly quiet high school star from Tampa increasingly found his way into the news. Problems that ranged from a quarrel at an airport rent-a-car stand to an acknowledgment of paternity culminated last December with a traffic violation that led to a roadside brawl involving four of his friends and a squad

of Tampa police. He pleaded no contest to assaulting an officer and violently resisting arrest and was sentenced to three years' probation. Since he is undergoing treatment, indications are the probation will not be violated.

Probably wondering if other cleats will drop—Gooden has not had the only erratic personality in the clubhouse—the Mets gingerly begin defending their title this week. Gooden's season, even his career, is now in question since pitchers particularly seem never to regain their prowess after cocaine. It has come to that, drugs so commonplace that their havoc is handicapped position by position.

backs off in a panic. "I've only got one more game," Indiana won it, 74-73, over the Syracuse Orangemen. Their perfectly competent but strangely insecure coach, Jim Boeheim, was slightly outflanked at the end of both halves. As always, Knight was worth a few points from the bench.

He reveres the old coaches like Henry Iba, Joe Lapchick and Pete Newell. When Clair Bee was 85 and blind, Long Island's great coach painstakingly scratched out a message for Knight that read: "Clair Bee and Bob Knight do not believe that repetition is gospel." Lately Knight, 46, has actually dabbled in zone defenses and, as the euphemism goes, "broadened his recruiting base." A junior-college transfer, Keith Smart, made the last two jumpers against Syracuse.

Knight's fascination has never been with winning, though, so much as excelling. "Bob reminds me of Alexander the Great," says Al McGuire, the TV coach, "who conquered the world and then sat down and cried because there was nothing left to conquer." Knight admits, "Victory has never been a particularly satisfying thing to me. It's really hard for me to say, 'Well, we won.'" He startled the players earlier this year when instead of screaming after a squeaker he sighed, "Well, maybe we ought to win a game by a point now and then."

Among his unofficial consultants are the old Packer lineman Willie Davis and Reds Catcher Johnny Bench, who gave a Final Four pep talk. Ted Williams telephoned. ("He may never have played basketball, but he knows.") Knight is a Vince Lombardi man. Flashing back to West Point, he calls Lombardi a "profane Colonel Red Blaik." Judging from the best-selling biography *A Season on the Brink*, which Knight refuses to read, he may be the most profane coach in history. But it is only fair to add that his particular whipping boy in the book, Daryl Thomas, found himself in the perfect position to take a bad last shot against Syracuse and had the discipline to get the ball to Smart.

In January the Indiana faculty council adopted a declaration that "athletes shall not be subjected to physically or verbally abusive, intimidating, coercive, humiliating or degrading behavior." It passed by a huge margin, 18 to 16. Sometimes he throws a chair, but Knight seems to get the big things right, beginning with academics. A six-month sentence is forever pending in Puerto Rico, where Knight was convicted in absentia for assaulting a policeman at the 1979 Pan Am Games. But the officer's story collapses when he swears that Knight called him "nigger." Any other vile expression would be eminently believable. But a legion of young black men can testify that Knight does not think in those terms.

"I'm still not sure we're a really good basketball team," he humphed. Knight was "very pleased for the players," though, "and very pleased with them." Especially, they heard the second part. Well, maybe they ought to win a game by a point now and then. — *By Tom Callahan*

Computers



Lucente with the Model 80 in Miami Beach: setting the agenda again

Into the Wild Blue Yonder

IBM unveils a new generation of personal computers

It was an impressive debut, even by the standards of Big Blue. Some 2,000 computer dealers from across the country gathered in Miami Beach last week for a Beach Boys concert, the premiere of new print and TV commercials reuniting members of the *M*A*S*H* cast and, most important, an elaborate presentation beamed live to 20,000 customers, analysts, employees and reporters nationwide. Before the spectacle ended, the world's biggest computer company had set a new standard against which personal computers will be measured for years to come.

Ever since IBM began losing sales to low-cost domestic and Asian knockoffs of its original IBM PC, the companies that made the clones—and millions of PC users—have been awaiting Big Blue's response. At the gala unveiling, IBM introduced more than 100 interconnectable hardware and software products, including four models that IBM Group Executive Edward Lucente called the "next generation in personal computing."

The big surprise, however, was not what IBM did, but what it did not do. The firm had been expected to strike back at its competitors either by dropping prices so low as to drive them out of business or by raising such formidable technical barriers against copycats as to make the new machines impossible to imitate. They did neither. "These are not clone killers," said John Roach, chairman of Tandy Corp., which has sold about a quarter of a million PC knockoffs. "We're thrilled that IBM has left our turf alone."

The computers, part of a family known as Personal System/2, range in price from \$2,065 for the desktop Model 30 to \$13,300

for the fully equipped Model 80. All are packed with advanced, IBM-designed technology, from the custom-made chips that replace plug-in cards to an optional laser disk that can hold 800,000 pages of text. But the basic components—the microprocessors, floppy disks and operating system—are made of readily available, off-the-shelf parts, which should make it relatively easy for other firms to legally reproduce the new machines.

A PC user who sits down at a PS/2 will be struck by the improved keyboard, the smaller system box and the disk drives (3½-in. microfloppies rather than the original 5½-in. disks). Although the new models can handle most of the old PC programs, software written for the PS/2s will not run on the PCs, which could doom the older machines to obsolescence.

The software for the new computers will be built around Microsoft's Windows, a mouse-driven control system similar to the easy-to-use operating system that has brought such success to the Apple Macintosh. Though the basic PS/2 is already being shipped and the higher-priced models will go on sale later this year, the new software will not be available before next year, a delay that gives breathing space to Apple, IBM's biggest competitor. Apple's computers already offer many of the features, including an advanced graphics capability, that will not be available on the PS/2 until 1988. In the hours following IBM's announcement, Apple's stock rose 5 points. Nonetheless, IBM proved last week that it can still set the agenda for the rest of the computer world.

— *By Philip Elmer-DeWitt*
Reported by Thomas McCarroll/New York

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Law

In the Best Interests of a Child

Baby M. gets a new name, while the battle over surrogacy continues

Just over a year ago, when Baby M. was delivered, not many people had given thought to the issues of surrogate birth. By last week, when the custody judgment was rendered, was there anyone still unschooled in its painful dilemmas? Even so, no one can have felt the lessons more deeply than the child's father, William Stern, a New Jersey biochemist who was awarded custody, or her mother, Mary Beth Whitehead, who lost the little girl she gave birth to as part of their surrogate agreement.

The 32-day nonjury trial put flesh on once abstract matters. It made plain the almost palpable tenderness of Stern and his wife Elizabeth, a pediatrician, both 41, and the no less compelling attachment of Whitehead, 29, and her husband Richard, 37, a sanitation worker. It savagely peered into problems of the Whitehead household—his battle with alcoholism, their financial setbacks—that raised doubts about whether surrogacy permits the more prosperous and sophisticated to exploit those who are less so. It offered the dismaying court spectacle of a mental-health expert disparaging Whitehead's skills as a mother because of how she played pat-a-cake.

While news teams from as far away as Sweden and the Soviet Union looked on, Judge Harvey Sorkow, 57, read his decision for three hours to a packed courtroom in Hackensack, N.J. Declaring the contract valid, he rejected arguments that it might violate public policy or laws against baby selling. A father cannot buy "what is already his," the judge said. He maintained that the surrogacy option was protected under constitutional privacy guarantees that include the right to procreate. In a crucial caveat, however, he said the contract was not automatically enforceable, because when conflicts arose the "best interests of the child" should prevail. Thus it was her best interests, and not the existence of a contract, that led him to award custody of Baby M. to Stern.

But Sorkow went further. He stripped Whitehead of her parental rights. Barring a reversal of his decision, she may never legally see her child again. Apparently anticipating defeat, Whitehead sat out the verdict at home, 50 miles away. Earlier that day, in a regular court-approved visit, she had spent two hours with her daughter in the neutral territory of a local youth center. The judge had shown exasperation with Whitehead's lead attorney at several points during the trial. Even so, the vehe-

mence of his language in the ruling came as a shock to many. Perhaps with an eye to safeguarding the custody portion of his judgment from second-guessing in the appeals phase, he slashed at Whitehead's fitness as a mother, calling her "manipulative, impulsive and exploitive" as well as



The Sterns after the custody ruling

"untruthful" and charging that she was too possessive of her children.

Immediately after reading his decision, Sorkow called the Sterns into his chambers and to their surprise proceeded to the adoption by which Dr. Stern was named the baby's legal mother. Four days after her first birthday, Baby M. got the belated gift of a new name on her birth certificate: Melissa Elizabeth Stern. The jubilant father told reporters, "I'm so happy." Then he broke down in tears.



Sorkow, left, called Whitehead "untruthful"

Though Sorkow's decision applies only to this case, it is sure to be studied by other trial judges. "It was everything one could hope for," crowed Noel Keane, the lawyer from Dearborn, Mich., who pioneered the surrogate-brokerage field eleven years ago and who helps run the New York City infertility center that arranged the contract between Whitehead and Stern. "Couples are going to feel more comfortable entering into this agreement," he observed. "It is important to remember that Mary Beth is just one case."

Keane's view is almost certainly too rosy. The ruling could not and did not settle all the difficulties. Inquiries from infertile couples have increased since the Baby M. publicity, and an estimated 500 surrogate births have already taken place. The great majority appear to have gone smoothly, but problems do arise. In one of Keane's cases, the contracting couple divorced after the start of the pregnancy and successfully pressed the surrogate to abort. Almost all such arrangements now involve fees (often a total of \$25,000) paid to the surrogate and to those who manage the details. The Baby M. decision may encourage non-profit clinics and adoption agencies to enter the field, predicts Lori Andrews, an American Bar Foundation expert on surrogacy. "Since it was so legally risky, the only groups willing to get involved before were entrepreneurs."

Sorkow's opinion urged legislatures to give much needed guidance. Though none have yet passed laws, at a dozen states, including New Jersey, are wrestling with proposals that include removing the profit motive or allowing a surrogate mother to change her mind up to a month after the birth. The likely result is a nationwide patchwork of laws in which some forbid the arrangement and others, by legalizing it, emerge as "surrogacy states."

While the states inch toward their separate conclusions, the contest over Baby M. now moves to the appeals courts. Attorneys for Whitehead seek to appeal directly to the state supreme court. But an appellate panel quickly ruled that, pending any such appeal, she should have no further visits with the child. Two days after Sorkow's ruling, the Whiteheads emerged for a press conference. Fighting back sobs, Mary Beth expressed confidence that the higher courts would return her daughter. Using the name she had chosen for the child, Whitehead promised, "Until Sara comes home, my fight will continue." Then she added that they will keep a crib ready for the baby's return.

—By Richard Lacayo.
Reported by Roger Franklin/Hackensack and Elizabeth Taylor/Chicago

People



Aglow with the flow: Oral and Evelyn Roberts after the vigil

The ecclesiastical scandal that some are calling Pearly-gate played on last week. Rumors surfaced in the *Washington Post* that Televangelist Jim Bakker's one-night stand with *Jessica Hahn* in 1980 was inspired by jealousy over the time his wife Tammy was spending with Country Singer Gary Paxton (*Monster Mash*). Meanwhile, Oral Roberts' death-defying fund-raising style seemed to have paid off. When the Tulsa-based evangelist told followers three months ago that God would call him "home" if he did not raise \$8 million by April 1, he became the object of national ribbing. But while

Roberts did not get the joke, he did get the money. Coming down from a ten-day vigil in his 200-ft. glass-and-steel Prayer Tower at Oral Roberts University, he reported that he had



Walking tall: Steven and Mary Newman

surpassed his goal by \$700,000. "I'm on fire, and I'm ready to go," said Roberts, who felt so rejuvenated that he announced, "We must raise \$8 million every year, for the rest of our lives, until Jesus returns."

It was exactly four years ago that Journalist Steven Newman left his home in Bethel, Ohio, and went for a stroll. Last week, 22,500 miles, five continents, 22 countries and a few ocean-hopping plane flights later, Newman was back on his porch, having become the first person to walk around the globe alone. "I had to see what this world was really like," reports Newman, 32, who went through three pairs of boots on the journey. "I think just my standing here with no bullet holes says something about this world." In 1984 while he had been out of touch in Asia, his father had died, but among those waiting at the emotional homecoming was his mother Mary Newman. "I wanted to make an apple pie for him," she confides, but with all the commotion, he arrived before she got to her baking. She'll have her chance, though. Newman is looking forward to putting his feet



Fox on the fast track at Esquire

up for a spell and maybe tackling a novel. Says he: "I do know this: I won't run out of characters."

Alex Keaton would consider the position positively lightweight, but *Michael J. Fox*'s real-life two-day stint as a fact checker at *Esquire* magazine had nothing to do with the cash-conscious yuppie he plays on TV's *Family Ties*. Fox, 25, was working at the magazine in New York City to get background for his role as the dissolute, club-crawling protagonist in a film of *Jay McInerney*'s nov-



Chase and Goldie Hawn

Tom Hanks did a turn with a magically generated *Bugs Bunny*. Co-Host **Chevy Chase** vanished through a trapdoor, and **Shirley MacLaine** made an otherworldly entrance in a spaceship ("To you, this might be special effects, but to me, it's basic transportation," she quipped). But the 59th Annual Academy Awards in Los Angeles could have used more of the stars who never materialized at all.

No one was missed more than **Paul Newman**, the sentimental Best Actor favorite for his rack-cracking reprise of Fast Eddie in *The Color of Money*. Newman lost out on his six previous acting nominations; although the Academy gave him a lifetime-achievement Oscar last year, he stayed away from the ceremonies this year in hopes of changing his luck. It was a winning superstition, as Academy President **Robert Wise**, who accepted the statue for Newman, tried to explain before he was interrupted by a plucky but slightly disori-

ented **Bette Davis**. "I'm thrilled," said Newman when informed of the good news in New York City, where he was editing his latest directorial effort, a remake of *The Glass Menagerie*, starring his wife *Joanne Woodward*.

The luck of the no-shows also worked for **Michael Caine**, picked as Best Supporting Actor for *Hannah and Her Sisters* (after losing as a Best Actor nominee three times before). He had a fish story for an excuse. "The mechanical shark has been malfunctioning, and we couldn't finish in time," apologized Caine, who was in the Bahamas filming *Jaws 4: The Revenge*. **Woody Allen**, who got Best Original Screenplay honors for *Hannah*,

Close encounters with the Thalberg: Richard Dreyfuss and Spielberg



el *Bright Lights, Big City*, which starts shooting next week. "It was an enlightening experience," reports Fox, whose first editorial assignment was to track down the proper pedigree of an obscure berry for a gourmet pie recipe. "One mistake I found," Fox

that's something Alex would understand.

Maintaining social equilibrium is sort of Prince Charles' job, and he hardly ever loses his balance. So everything was fine at the first stop of a three-count-



Swinging through Africa: Charles shakes a leg in Swaziland

proudly points out, "was that the writer had accidentally forgotten to include putting the air vents in the top of the crust, so the pie would have exploded in the oven. I saved *Esquire* a lot of letters there. And how did Fox like his first taste of the publishing world? Well, he says kiddingly, he has yet to be compensated for his labors. "The pay was \$12 an hour, which I have no aversion to collecting. I might pursue it." Now,

try a six-day tour of development projects in southeastern Africa last week. During a greeting celebration in Swaziland led by King Mswati III and his family, Charles毫不犹豫地 took up a miniature shield and joined in the dancing as if to the custom born. Nothing untoward happened in Malawi either, and Kenya would have been unremarkable as well—except for one tiny thing.

offered neither sharks nor superstitions by way of explaining his truancy. He never comes. The elusive auteur traditionally spends Monday nights playing clarinet with a jazz band at Michael's Pub in New York City, and Oscar Monday is no exception. "There's no way he'd ever give up his music," allowed Dianne West, who won Best Supporting Actress for her *Hannah* role and is already in the midst of making her fourth Allen film.

Even among the showfolk who showed the pow-and-glam wattage seemed a bit dim. The estimated 1 billion worldwide viewers had few chances to nudge one another about wildly attractive or atrocious look-at-that getups. Acceptance speeches, which Academy officials once again campaigned to keep short, once again were anything but. Steven Spielberg, who received a standing ovation as he accepted the Irving Thalberg award for career achievement, spoke convincingly about the need for a return to the primacy of the word over wizardry but had only to convince himself. *Platoon* took four Oscars (the most of the night), including Best Picture, and its Vietcong creator Oliver Stone told the audience that his directing award meant "you're really acknowledging the Viet Nam veteran, and I think what you're saying is that for the first time

Knowing no one loves tea as the British do, the Kenyans arranged a royal tasting of the local brew. It is routine practice for professional teatasters to spit out each sip into a waiting spittoon, and local experts were unfazed when the royal personage did likewise, even when he missed the mark. But the usually unflappable Charles suddenly began flapping when a single "broken orange pekoe" tea leaf wound up on his nose. There it clung, despite his repeated efforts to rub it off. After the speck was finally banished, the Prince grumbled, "It would have tasted better with some milk and sugar." And tea is usually so settling.

Movies can ask an audience to imagine the most unlikely things, for instance that a guy would prefer a vivified store dummy to former *Penthouse* Pet *Carole Davis*. In *Mannequin*, she costars as Andrew McCarthy's nettlesome girlfriend. "He plays the artist, and I play the bitch," Davis laughs. She also has a featured role in the upcoming *Princess Academy*, about a Swiss finishing school that, she reports, is "kind of like a female *Animal House*." Davis is right at home in the film's Continental setting. Born in London, raised in Bangkok and Paris, she speaks English, French, Italian and Thai. Juggling all those cultures suits

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Davis: no dummy

the actress, who is trying a little music too. Davis, who co-wrote the song *Slow Love* with Prince for his new album, *Sign o' the Times*, and is working on her own LP, *Burmese Boy*, due out in Europe in the spring. Of course, she still has plenty of time left over for gardening and painting. A girl, after all, can't be too cosmopolitan.

—By Guy D. Garcia



Matlin: exulting

you really understand what happened over there."

Children of a Lesser God's Marlee Matlin, who received the Best Actress Oscar from her co-star and love William Hurt, had a different sort of message to deliver backstage. Signing to reporters as an interpreter spoke for her, Matlin, who has been deaf since the age of 18 months, exulted that her Oscar was also a victory for others with hearing problems. Said she: "Our society isn't just for white Anglo-Saxon hearing people anymore." Matlin's jubilation over the honor came through loud and clear, however. Asked how she planned to celebrate, she replied, "Well, after I'm alone, I'm going to scream."

—By Guy D. Garcia. Reported by D. Blake Halloran/ Los Angeles



Stone: exhorting



Ivey, Page, Chamberlain and Danner: peasants with money and a veneer of polish

Milestones

EXPECTING. Vanessa Williams, 24, the first black Miss America (for 1984) and also the first Atlantic City winner to resign the title, after nude photographs of her appeared in a magazine, and **Ramon Hervey**, 36, her husband (since January) and manager: their first child: in late summer.

MARRIED. Fred Grandy, 38, actor who played the personable purser Gopher Smith on ABC's comedy series *The Love Boat* from 1977 to 1985 and who last fall was elected to Congress as a Republican representing Iowa's Sixth District; and **Catherine Mann**, former TV journalist; both for the second time: in Sioux City, Iowa.

SEEKING DIVORCE. Chris Evert Lloyd, 32, unflappable American tennis star whose 149 singles tournament victories include three Wimbledons and six U.S. Open titles; and **John Lloyd**, 32, former British pro tennis player: on grounds of "irreconcilable differences": after eight years of marriage: in Fort Lauderdale.

DIED. Clinton W. Murchison Jr., 63, genial heir to a Texas oil fortune who in 1960 founded the Dallas Cowboys, one of pro football's most successful franchises; of pneumonia after having suffered from a neurological disorder for the past five years; in Dallas. Murchison expanded into sports and Texas real estate, increasing his inheritance to an estimated \$250 million. In the early 1980s, however, the global plunge in oil prices severely hurt the state's economy, and creditors began hounding Murchison. In 1984, to avoid a family squabble, he was forced to sell his beloved Cowboys for \$60 million. The next year he filed for protection under Chapter 11, one of the biggest personal bankruptcies in Texas history.

DIED. Bernard ("Buddy") Rich, 69, hot-tempered, exuberant jazz drummer whose combination of innovative, blistering percussion and often abrasive opinion generated followings among both jazz enthusiasts and television talk-show audiences: from a heart attack two weeks after an operation for a brain tumor, in Los Angeles. Rich rose from his vaudeville beginnings as Baby Traps to play for the bands of Artie Shaw, Tommy Dorsey and Harry James from the '30s to the '60s. Often called the "world's greatest drummer," Rich struck out on his own in the '60s, in his words, "to offer something else than just twang, twang, twang," and formed the critically acclaimed Buddy Rich Band.

DIED. Henri Cochet, 85, legendary tennis master who along with René Lacoste, Jean Borotra and Jacques Brugnon won France's first Davis Cup, in 1927; near Paris. Known as *Les Mousquetaires* (the Musketeers), the four dominated world tennis from the late 1920s to the early 1930s. Cochet alone won five French singles championships, two Wimbledons and one U.S. championship.

Theater

A Down-to-Earth Happy Medium

BLITHE SPIRIT by Noël Coward

Few stage effects are harder to bring off for modern audiences than a manifestation of the supernatural. Try as directors may for some Freudian hallucinatory explanation of *Macbeth*, for example, the story makes little sense unless the witches are actual witches. This doesn't mean the supernatural must be portrayed as exotic: the most chilling thing about those women might be their normality, as if they were plump, middle-aged matrons nattering across a backyard fence about their ability to conjure spirits. That very perception of character seems to have guided Geraldine Page in a less malevolent but equally neoclassical role, the ghost-summoning Madame Arcati in Noël Coward's larkish *Blithe Spirit*, which was revived on Broadway last week. The cast includes Richard Chamberlain, Blythe Danner and Judith Ivey, all in good form, but this is Page's show. In a career including eight Oscar nominations, culminating in a 1986 Best Actress award for *The Trip to Bountiful*, and countless memorable stage performances, *Blithe Spirit* stands as a highlight.

Page's tics, fidgets and exaggerated natalities, which have overdecorated many a characterization, here serve to heighten a shrewdly earthbound interpretation. Her Arcati is not dotty or otherworldly. She is a coarse, calculating businesswoman, a vulgar social climber, a tiresome, self-absorbed frump who just happens to be a medium with the gift of raising the dead. Her manner is so much the grasping fraud that the audience is stunned when she delivers the goods. Indeed, she is stunned herself: there are few funnier sights than Page striding across the stage in pursuit of a

ghost whose presence she senses but cannot see, snuffing at the wraith's ectoplasm like a spaniel who just knows a squirrel is somewhere nearby.

This decidedly common touch is in keeping with Director Brian Murray's sour vision. At the center of *Blithe Spirit* is a love triangle: smug, conventional Ruth Condomine (Ivey) is in love with her novelist husband Charles (Chamberlain); so is hoydenish Elvira (Danner), his late wife, whom Madame Arcati accidentally materializes; and all three of the Condomines are passionately in love with themselves. Most productions of Coward tend to be as glittery and brittle as spun glass. Murray brings the proceedings down to earth: these are not natural aristocrats but peasants with money and a veneer of polish, and when they mockingly meddle in the supernatural to gather color for one of Charles' books, they bring chaos crashing down upon themselves.

By making Charles, normally a beau ideal, just as petty as his wives, Murray helps diffuse the unattractive misogyny shot through virtually all of Coward's works. Still, this intelligent approach baffles some theatergoers and irritates others. It muffles many of the play's laughs and, more troublesome at the box office, keeps Chamberlain from maximizing his easy charm. Yet audiences who come to see him may depart delighted at having seen Page in full cry, sloshing her drinks onto people, cramming her mouth with sandwiches, then abruptly divining where her séance went wrong with a fierce delight that would surely have bewitched Coward himself. —By William A. Henry III

Books

The Catcher in the Reich

BERLIN DIARIES, 1940-1945 by Marie Vassiltchikov. Knopf. 324 pages: \$19.95

A beautiful White Russian princess finds herself stuck in unpredictable wartime Berlin. One night it is a piece of suspect schnitzel and a cup of ersatz coffee. The next evening it could be oysters and champagne at the spacious flat of a baron or a count. The years pass, and she discovers that many of the swells with whom she works and plays are part of the conspiracy to assassinate Hitler in July 1944.

Friends and acquaintances are dragged before the People's Court and sentenced to be hanged with piano wire. Others kill themselves or slip off to the sanctuary of their family castles. But the spunky aristocrat remains at her job with a government information office, where there is less danger from the Gestapo than from Allied bombs. Her final months of war are spent as a nurse in Austria. A year later, she marries an American Army officer in a traditional Russian Orthodox service, with a French count and a German prince holding the wedding crown.

Royalty and glamour are not often found in eyewitness accounts of World War II. When they do occur, it is usually a prelude to decadence or a setup for a crushing loss of innocence. The posthumously published diaries of Marie Vassiltchikov are an exception. The author's record of death and destruction is sustained by a strong instinct for the civilized life. This does not always mean oysters and champagne. Between her lines, it is easy to read sadness for the lost chivalry and ideals of Western culture. Being young and shielded by her status as a refugee from Bolshevism, she does not always understand the demoralizing power of barbarism. "Missie," as she is called by family and friends, is puzzled by the way "the royals" dissociate themselves from Germany's leaders and their methods. "If they don't stand up for their beliefs, where will all this end?"

But what exactly were their beliefs? The 20 July plotters were mainly German army officers who wanted to salvage something from a losing war. They seemed happy to follow the Führer while he was winning. Many soldiers from noble families were willing to die for their country but were ironically spared when Hitler pulled them out of the front lines: he did not want to create upper-class heroes. Vassiltchikov has little to say about bravery on the battlefield or anywhere else. She simply reports the daily toll with the same matter-of-factness that she describes toilet-paper rationing or how to fry an egg on an upturned electric iron.

But Missie also has a Holden Caulfield eye for the ridiculous: "A lot of Italian la-

dies came around ... They are, apparently, knitting tiny garments for Goering's baby. Seems a bit much ... After dinner we had a long discussion with a famous zoologist about the best way to get rid of Adolf. He said that in India natives use tigers' whiskers chopped very fine and mixed with food. The victim dies a few days later and nobody can detect the cause.



Marie Vassiltchikov

But where do we find a tiger's whiskers?"

Perhaps in Vienna, where the diarist makes one of her more bizarre entries: "Laszlo Szapary and Erwein Schönborn

both had just dug themselves out of the Palais Schönborn, where a bomb had crashed into the courtyard before they could reach the cellar. The building is pretty battered and they are now fishing among the wreckage for Erwein's shooting trophies: he had many ivory tusks mounted in silver, as well as two stuffed orangutans." The power of Vassiltchikov's observations lies in her restraint: "These last days innumerable inscriptions in chalk have appeared on the blackened walls of wrecked houses: 'Dearest Frau B., where are you? I have been looking for

you everywhere. Come and stay with me ... or 'My little angel. Where are you? I worry greatly.'"

The struggle to survive and maintain normality is rendered with an immediacy that has not stalled. Yet Missie Vassiltchikov seems to grow increasingly remote as her diary unfolds. There are gaps due to loss and destruction, but mainly there is a lack of adequate information about Missie herself. What was she like? What kind of life did she have after the war? In a foreword, her brother George drapes her in a biographical purdah. He says only that Marie Vassiltchikov was born in 1917.

Excerpt

"I hid my head under my arms, and when the rumble and clatter of yet another collapsing wall ceased and we were covered with mortar and dust, I looked up across a puddle into the smudged Japanese face of Count C.-K. Although Tatiana and I had been studiously cutting him for the last four years (he has a soft spot for pretty girls and does not always behave), I ... exclaimed in English: 'Hullo!' He eyed me coldly and enquired: 'Kennen wir uns?' ['Have we met?']"

one of the five children of Prince Illarion and Princess Lydia Vassiltchikov of St. Petersburg. The family left the Soviet Union in 1919 to live in Germany, France and Lithuania, then an independent republic. During the Depression of the 1930s, Missie and her sister Tatiana (a future Princess Metternich) sought work in Berlin. The diarist's fluent English landed her a job as a translator with the Foreign Ministry's information department. After the war, she and her husband, Architect Peter Harnden, had four children. He died in 1971 in Barcelona. Missie then moved to London, where she died of leukemia seven years later.

Brother George's reticence is a bit frustrating. On the other hand, his spare

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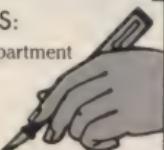
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comments enhance a sense of mystery and allure. Photos of his sister in her 20s reveal mischievous Tartar eyes and a determined jaw. In the 1940s, she could have been one of the European film beauties who used only one name, like Valli and Annabella. In the '80s, her diary could yet make her a "hot property." Perhaps even now, Meryl Streep's telephone is ringing off the hook. —By R.Z. Sheppard

Ed and Helen

DESTINY

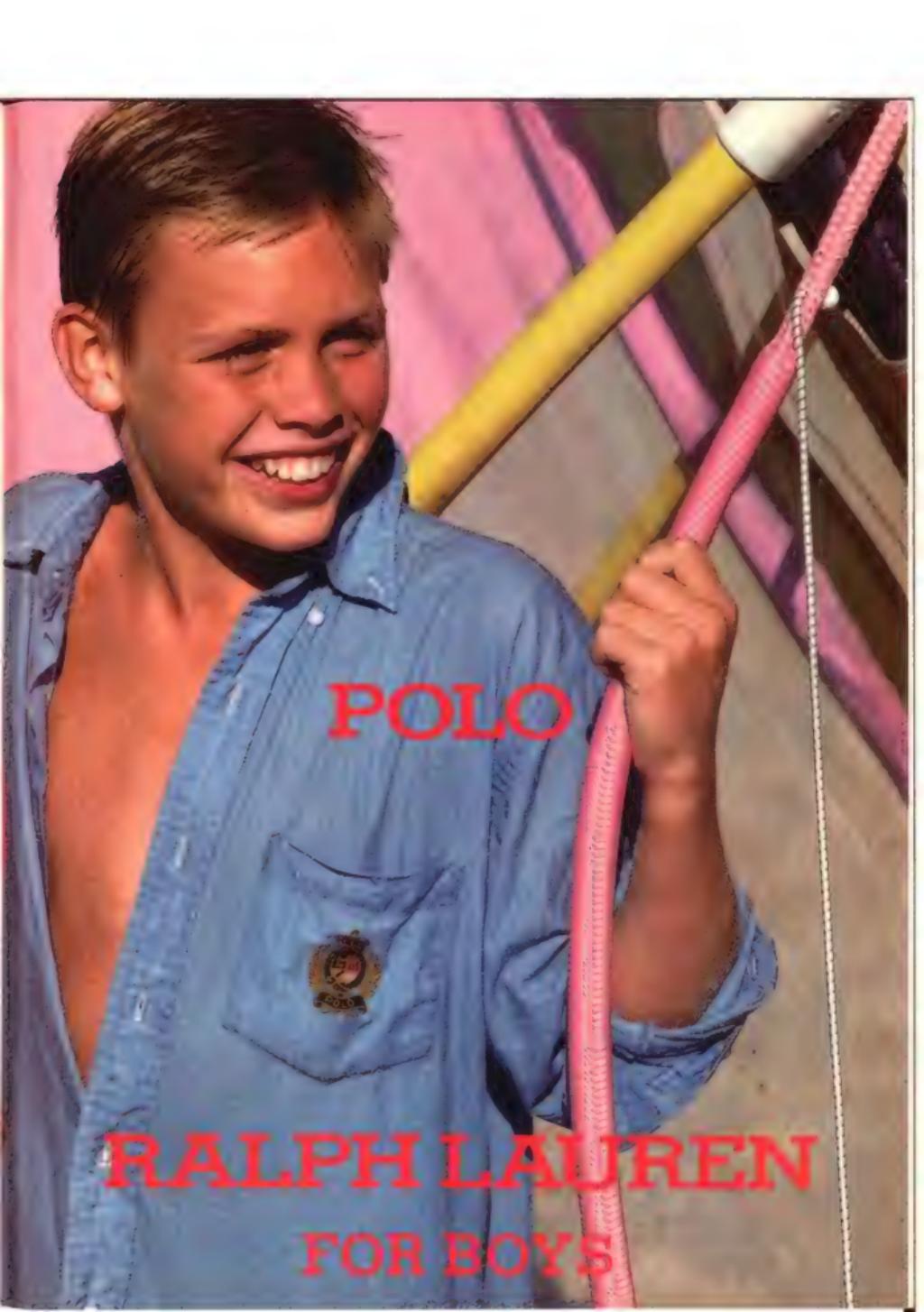
by Sally Beauman
Bantam; 822 pages; \$19.95

Bantam Books bought the privilege of publishing *Destiny* for \$1,015,000, "a sum," its publicity release announces, "greater than the combined advances earned by Stephen King, James Michener, Sidney Sheldon and Danielle Steel for their first novel." Aside from the tantalizing but possibly erroneous suggestion of a King-Michener-Sheldon-Steel collaboration, there is not much to celebrate. For one thing, a cool million no longer induces the slack-jawed awe it once did; everyone knows that insider traders on Wall Street can think that much before lunch. And British Author Sally Beauman is not really a first novelist. She has written nine Harlequin romances under a pseudonym.

Still, seven-figure advances can cause frissons in the worlds of publishing and journalism, where the hired hands ordinarily labor for far less. *Destiny* will be talked about, doubtless picked up by a few people new to the current state of the romance genre and hence ignorant of just how wretched such fiction is required to be. There will be cries of disbelief. Sally Beauman may want her pseudonym back.

Destiny offers a hero, Edouard, who has more vowels in his name than seem strictly necessary, and a heroine, Hélène, who suffers from a superfluity of accent marks in hers. A lot of ink is wasted just getting these characters on the page. Given its initial investment, Bantam might have urged Beauman to save money by calling her romantic leads Ed and Helen. Anyhow, Edouard is impossibly rich and handsome; Hélène is impossibly beautiful; together they are... a word comes to mind but then vanishes in the general miasma of implausibilities and sex, which is regularly rapturous and accompanied by sensations "smothering any ability to think."

But no thinking is really required: *Destiny* is far too slick and mechanical for that. True trash buffs like to watch authors sweat over simple declarative sentences. Beauman, 42, who has written a history of the Royal Shakespeare Company, published by Oxford University Press, is not a ninny. During this interminable exercise in the imbecilic, it is possible to perceive a writer who knows better, sneering at her readers and laughing all the way to the exchequer. —By Paul Gray

A color photograph of a young boy with short, light-colored hair, smiling broadly. He is wearing a light blue denim-style polo shirt with the word "POLO" printed in red across the chest. A small gold polo logo patch is visible on the left chest pocket. He is climbing a rope ladder, with his hands gripping a yellow rung and a pink rope. The background is a wooden structure with pink and yellow horizontal beams.

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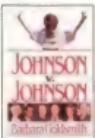
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Bookends

JOHNSON V. JOHNSON
by Barbara Goldsmith
Knopf, 285 pages, \$18.95



In drugstores, the familiar white boxes say Johnson & Johnson. But in court the ampersand was changed to versus, and the aim was not to relieve pain but to exacerbate it. One Johnson was Barbara ("Basia"), née Piasiecka, the Polish-born cook-chambermaid who became the third wife of J. Seward Johnson, heir to the pharmaceutical fortune. At the time of their marriage in 1971, he was 76, she was 34. The other Johnson signified J. Seward's six litigious children from his two previous marriages, excised from the old man's will shortly before his death in 1983 at the age of 87. Was Basia a sorceress who abused and then fleeced a victim of senile dementia? Or were the children, all of them financially independent, avid for the \$500 million at stake? Barbara Goldsmith, a journalist who specializes in histories of family distress (*Little Gloria... Happy At Last*), uncovers a scandalous past of suicide attempts, drug addiction, incest and accusations of attempted murder. What the plaintiffs wanted, she shows, was emotional restitution, and they were willing to spend millions in lawyers' fees to receive a portion of it. There are enough miseries, furies and counterplots to satisfy the most demanding court buffs and gossip freaks, but the book's essential message is a reliable old crowd pleaser: unlimited funds are no guarantor of happiness; if the wound is deep enough, mere money is only a Band-Aid.

ANYWHERE BUT HERE
by Mona Simpson
Knopf, 406 pages, \$18.95

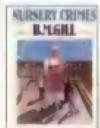


"No one seeing us would know anything true," notes twelve-year-old Ann August. She and her mother Adele represent a history of shoplifted dresses, bad checks and unfurnished apartments. One epochal day, Adele flashily abandons small-town Wisconsin and whirls to Hollywood, aiming to snag a rich husband and make her child a star. At the Pacific's edge, Adele gently nourishes another dream: to outgrow people like her mother, "who start the noise and bang things, who make you feel the worst; they are the ones who get your love." Finally, Adele taunts once too often: "It's me or nothing, kid." Ann's choice stuns them both.

Left to herself, Adele is rewarded with the life she always wanted—based solely on appearance. She goes "from one perfect outfit to the next . . . Someone could

always be watching." This obsession with surfaces is contagious. First Novelist Simpson also suffers from it. She uses brand names and meticulous descriptions of the ordinary to build an appearance of reality, but beneath the book's carefully crafted details there is not quite enough of the breath or pulse of life.

NURSERY CRIMES
by B.M. Gill
Scribner, 194 pages, \$15.95



In 1954, Broadway audiences were chilled by *The Bad Seed*. The title character of that melodrama was a homicidal moppet whose appearance was so angelic that no one but her mother suspected the hidden crimes. British Novelist B.M. Gill has given the premise a sardonic twist in *Nursery Crimes*, wicked little Zanny repeatedly confesses to several murders but is so widely disbelieved that she concludes her sins are minor, subject to a penance of three Hail Marys. At home, at school, in church and even among the police, grownups fail her. The story's most compelling relationship unfolds between Zanny and her adopted sister Dolly, who witnesses the first killing of their younger brother Dolly keeps her guard up but never raises a fuss: she wants Zanny's parents to continue paying for her education and shrewdly assesses them as candidates for tacit blackmail. Gill, a former elementary school teacher, has a keen understanding of how children's minds work and of the egocentric way they view the world.

YVONNE
by Yvonne De Carlo with Doug Warren
St. Martin's, 264 pages, \$17.95



What ever happened to Yvonne De Carlo? You remember her: the torrid brunet who started as a harem handmaiden and by dint of hard work, moxie and what her lover Howard Hughes called a "nice set of lavalieres" became queen of costume dramas in the '40s and '50s. For one thing, she became an autobiographical who, in the great tradition, bares just enough to keep it interesting but not enough to worry the censors. Her offscreen memoirs offer a short course in studio politics and a long list of amours, including Hughes, Robert Taylor, Robert Stack, the Shah of Iran's brother, Billy Wilder, Burt Lancaster and, most notably, Aly Kahn ("He didn't take a woman, he tasted and taunted"). In his musical *Follies*, Stephen Sondheim wrote a song for the actress, *I'm Still Here*, about a survivor. After nearly half a century in the business, De Carlo, 64, is not afraid to name names or do denture-cleaner commercials. As her saline book vigorously demonstrates, she's still here. ■

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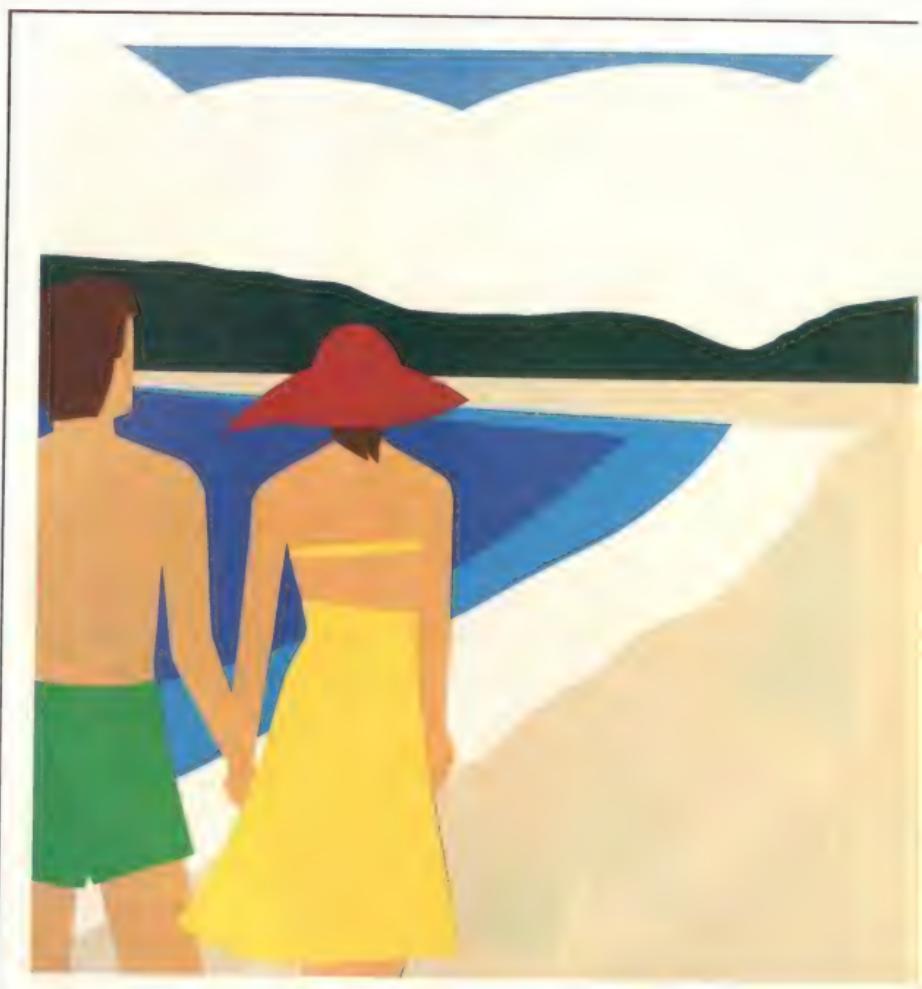


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Cinema

Just Me and My Robot

MAKING MR. RIGHT *Directed by Susan Seidelman*
Screenplay by Floyd Byars and Laurie Frank

The moral of this tale could not be simpler or, in its way, more disappointingly obvious. It holds that the American male has declined to such a sorry—if occasionally hilarious—state of ineptitude that the American female's last best hope for happy mating lies in robotics. Every man that Frankie Stone (Ann Magnuson) and her friends and family encounter is in one way or another so insecure and self-absorbed as to be incapable of sustaining a decent relationship with a woman. It is only when Frankie, a public relations expert, takes an assignment for a manufacturer of high-tech daddies for the space program that she finds advanced science has fabricated what decades of psychological counseling and years of feminist lecturing have not been able to create: an android who is sensitive, caring and sexually satisfying in a way that natural men cannot manage.

The relationship that develops between Frankie and Ulysses, her robot dreamboat, is pleasant but conventionally screwball. This seems rather disappointing, considering that Director Seidelman



Smoothie from the space lab: Malkovich as Ulysses

showed such a fresh eye and so much wayward comic originality in 1985's *Desperately Seeking Susan*.

But wait. Seidelman has had the wit to cast that uncannily resourceful actor John Malkovich as both Jeff Peters, the mad—well, anyway, crabby—scientist who created Ulysses, and the mechanical marvel himself. The former is a ferocious misanthrope, misogynist and klutz; the latter is,

naturally and logically, everything his master cannot hope to be. He moves, for example, not with the herky-jerky nervousness of his creator or a too-cute movie robot. Instead, Malkovich invests him with a preternatural smoothness. His character is equally subtle. It may be based on the wise-child conventions on which the typical sci-fi robot is modeled. But Malkovich informs and energizes his performance with the deadpan bravery, the relentless will, the invincible ignorance and the infinite need to give and receive love that all parents observe as their offspring pass through the infamously terrible twos.

The gambit is brilliant, for surely a robot would feel exactly what a human two-year-old feels as he sets forth on the exploration of his strange newfound world. Malkovich gives a wonderful performance where we do not expect one, and it makes the rest of the film problematic. On one hand, it grants the picture a distinction it would not otherwise enjoy.

On the other hand, it is a continual reminder of just how routine the rest of the movie is. In effect, his performance, together with Seidelman's former success, creates an expectation of sustained comic brilliance that this genre piece cannot finally deliver. Still, Malkovich is something to see. And the engaging Ulysses is a character who may prove difficult to forget.

—By Richard Schickel

Stranded Stars

She can be tough. She can be vulnerable. Whoopi Goldberg is a bundle of funny, appealing characters in search of an author. Bob Goldthwait is a stand-up comic of surreal mien who spits out his wit in the strangulated voice of an idiot savant after a go at the glue bottle. Both of these gifted comics are trapped in Hugh Wilson's *Burglar*, an affable movie that is all plot and no common sense.

Bernice (Goldberg) is out on parole, managing a bookshop and trying to go straight. Blackmail propels her into a little job of larceny that turns out to be a setup for a murder rap and for yet another car chase around the hilly streets of San Francisco. The narrative is so busy, and Goldberg and Goldthwait (as her best



Goldberg leads Goldthwait

friend) have so many boring obligations to its improbabilities, that the movie seems an unnecessary intrusion on its leading players.

The movie works best when it labors least, when it allows its stars to sing their comic arias a cappella. Finally one wonders if it would not have been more fun to skip all the labored knockabout and let the talented pair join forces for a simple concert film.

—R.S.

Remembering Viet Nam

It is as an earnest attempt to redress a festering grievance, not as film art, that *The Honor Hilton* deserves attention. Writer-Director Lionel Chetwynd's intention is to re-create the life endured in North Viet Nam's Hoa Lo prison by American POWs, in some cases for as long as eight years. Their lot consisted of systematic degradation, maddening isolation and the grinding waste of years, punctuated by episodes of ghastly pain. But, presented artlessly, this is not the stuff of compelling drama. There is not enough filth in the corners, not enough ambiguity when the movie shows prisoners resisting the pressure to confess to "war crimes." Chetwynd has recruited an able cast, led by Michael Moriarty, Jeffrey Jones and Paul

Le Mat, and he does well with the bitter ironies implicit in visits to the prison by celebrity peace delegations. But at best he generates only a distant compassion for his subjects. The kind of vivid identification that a film like *Midnight Express* created eludes him. Still, if American POWs deserve in the end a higher art than Chetwynd commands, they are at least entitled to the respect he accords their heroism.

—R.S.



Moriarty under the gun



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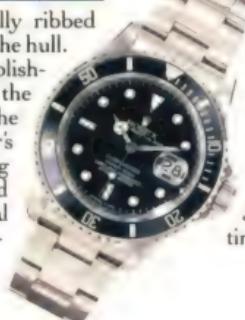
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Education

Nietzsche by Another Name

A scholar charges that universities have banished values and virtue

Over the past two years, critics have been calling U.S. higher education to account for everything from inflated tuitions to deflated black-faculty representation. Now a crusty philosopher at the University of Chicago argues that the problem is more fundamental—and more dire—than anybody has yet imagined. In his provocative new book, *The Closing of the American Mind* (Simon & Schuster: \$18.95), Allan Bloom, known mainly for his translations of Plato and Rousseau, makes the charge that American universities have abandoned their principles and their purpose. "These great universities," writes Bloom, "which can split the atom, find cures for the most terrible diseases, conduct surveys of whole populations and produce massive dictionaries of lost languages—cannot generate a modest program of general education for undergraduate students."

Bloom claims that colleges have replaced liberal-arts core studies with a "democracy of disciplines" that offers "no distinctive visage to the young person," and, even worse, "no university-wide agreement about what a student should study." Faculty members, he maintains, focus on specialized fields and personal advancement instead of creating a consensus for learning. Meanwhile, students opt for career training, so that the M.B.A., writes Bloom, has become the "moral equivalent of the M.D. or law degree, meaning a way of insuring a lucrative living by the mere fact of a diploma that is not a mark of scholarly achievement."

In Bloom's analysis, the universities went seriously off course in the 1960s, when they succumbed to pressures from student activists, feminists and black radicals for more "relevance" in the curriculum. This coalition hardened into a leathery tyranny whose demands, asserts Bloom, wounded American universities sorely as right-wing assaults damaged German higher education during Hitler's rise. He defines the U.S. movement's essence, which he calls cultural relativism, as a half-digested export version of the nihilistic Nietzschean doctrine that underlay the trashing in Germany. Such relativism, says Bloom, broke down higher education's traditional role as defender of real enlightenment against society's ephemera, leaving the universities open to the "radical subjectivity of all belief about good and evil," as well as to a primacy of self that demanded equal time for any-



Philosopher Bloom: reform without content, accepting everything

one's own thing. This egalitarian "education of openness," as Bloom brands it, was a reform without content, accepting everything and denying the power of reason to pursue the common good.

Bloom, 56, a dedicated teacher whose colorful lectures are popular with Chicago students, likens the humanities today to a "submerged old Atlantis" and to the "great old Paris Flea Market where, amidst masses of junk, people with a good eye found castaway treasure." He calls for a return to the reasoned insights to be gained from classical philosophy. He warns that for Americans, whose government was founded upon reason, the present "crisis in the university, the home of reason, is perhaps the profoundest crisis they face."

Some of Bloom's points place him in close accord with recent criticisms by other U.S. educators, ranging from the back-to-basics calls of conservative Secretary of Education William Bennett to the pleas for unified learning by Liberal Ernest Boyer, president of the Carnegie Foundation for the Advancement of Teaching. The book comes with endorsements from top scholars

such as Leszek Kolakowski, philosopher at Chicago and Oxford, and former Diplomat Conor Cruise O'Brien, who praise both its passion and its perceptions. And in France, Bloom has won the support of commentators like Raymond Boudon, professor of sociology at the Sorbonne. Boudon concurs with the book's message, adding that the "pessimistic diagnosis applies to Western Europe and especially to France."

Unfortunately, Bloom does not confine his critiquing to shortcomings in academe, nor does he exercise consistent care and attention to context or supporting data in adapting his free-wheeling lecture technique to the ineradicable medium of print. Though he is a genial man whose avowed purpose is to spark discussion, some of the dictums that play well in the Socratic dialogues of his classrooms, when published uncontested, tend to damage the credibility of a useful book. Some sample Bloomers:

- McCarthyism in the 1950s "had no effect whatsoever on curriculum or appointments."
- Good black students "are victims of a stereotype, but one that has been chosen by black leadership."
- "All that is human, all that is of concern to us, lies outside natural science."
- "Slavery [was] laid to rest by the Declaration and the Constitution."
- "The women's movement is not founded on nature."

Though faithful to absolute values of a kind, such pronouncements may not respond perfectly to Bloom's own call, repeated throughout the book, for unified scholarly dialogue aimed at defining absolute truth. Elsewhere, Bloom offers perhaps the perfect example of that dialogue when he describes Plato and Aristotle "at the very moment they were disagreeing about the nature of good ... They were absolutely one soul as they looked at the problem." America's universities, many of them guilty as charged, may do well to heed this, the best of Bloom, if not all the rest of Bloom.

—By Ezra Bowen.
Reported by Jack E. White/
Chicago

Banking on Ethics

In the unfolding Wall Street scandals, outgoing Securities and Exchange Commissioner John S.R. Shad has been dismayed by how many of the indicted traders are graduates of top business schools. Last week, to bolster ethical training at his alma mater, the Harvard Business School, former Investment Banker Shad made a reported \$20 million down payment on a gift that other alumni contributions will eventually bring to \$30 million. The school's largest gift ever. The money will endow chairs and underwrite case studies in ethical issues. In the words of Dean John McArthur, it will allow ethics "to be imbedded in the very fabric of what we teach and research."

Art

Of Vincent and Eanum Pig

Spectacular sales in London and Geneva enshrine the new vulgarity

Last week a painting was sold at auction in London for \$39.9 million or, in real money, some 5.8 billion yen. This was the highest price ever paid for a work of art. The multimillion-dollar marvel is now a commonplace of the '80s: a Turner went for \$10 million in 1984, a Mantegna for \$10.4 million and a Van Gogh for \$9.9 million in 1985, and a Rembrandt for \$10.3 million and a Manet for \$11 million in 1986. Nevertheless, this one brought in more than three times the previous record established in 1983 with the sale of the 12th century illuminated *Gospels* of Henry the Lion for \$11.9 million.

The lucky object was by Vincent van Gogh—the largest and best known of seven paintings of sunflowers in a pot that he had done in Arles between August 1888 and January 1889. It was bought through telephone bids by an anonymous collector. It was the next to the last in the sunflowers series still left in private hands, since four are in museums and one was destroyed in Yokohama during World War II.

"He was a strange man," Christie's auctioneer Charles Allsopp said of Van Gogh amid the clamor that followed the fall of the gavel. "He wasn't very good at marketing it." Not only a dead epitaph but a modest understatement: Van Gogh sold, as everyone knows, one painting in his life, and it was not *Sunflowers*. If only he had had what we have today—a million millionaires clamoring for art, corporate art advisers breeding like Gucci-shod mice in every cranny from Tokyo to Stuttgart, the whole grotesque edifice of sanctimony, hype, greed and social mummery that has been raised above bones like his. How much closer he might have come, poor strange man, to an understanding of his own value.

To discuss a reason for this price is to imply that on some level, the price was rational; perhaps it is better to speak of causes, since with this auction such convulsions at the higher end of the art market are flatly shown for what they are, symptoms of pathology. There is no rational price for a work of art. That price is solely an index of desire, and nothing is more manipulable than desire, a fact as

well known to auctioneers as to hookers. All works of art are worth exactly what someone can be induced to pay for them as fictions of uniqueness.

Colossal amounts of money are afloat in the hands of a new entrepreneurial class that has fixated on "masterpieces." One cannot spend \$39.9 million on houses, Ferraris or caviar without looking

LAST WEEK—\$39.9 MILLION



Sunflowers by Vincent van Gogh

like an ape. Art is the saving grace by which any nasty Croesus with more money than he knows what to do with can look virtuous. It confers an oily sheen of spiritual transcendence and cultural responsibility upon individual and corporation alike. That is why even a soft-porn merchant like Bob Guccione, publisher of *Penthouse* magazine, is now a "major" collector.

The result of all this is that private collectors are driving museums out of the market. Even in the midst of the lunacy, some deals seem more rational than others: the Getty Museum, for instance, got a relative bargain when it bought its great

David, *The Farewell of Telemachus to Eu- charis*, for some \$4 million earlier this year. But no museum in the world can compete with the private sector for paintings like *Sunflowers*.

Why such a price for *Sunflowers*? It is one of the larger Van Goghs, if not necessarily the best. Thanks to mass reproduction, it is exceptionally popular and famous. Its clones have hung on so many suburban walls over the decades that it has become the *Mona Lisa* of the vegetable world. What is more, everyone associates it with Van Gogh's madness; it is the embodied sign of what all persons of cultural pretension long ago learned to call his "last outburst of frenzied genius," or words to that effect. Thus, apart from its merits as a painting, it has the sentimental pull of a truck. Against this must be set its reduced condition. The high chrome yellow paint that Van Gogh used was unstable, and it has darkened to ochre and brown, so that the whole chromatic key of the painting is gone; the paint surface has turned calloused with time and has little of the vivacity or even the textural beauty one sees in other Van Goghs.

What the eager art world saw at Christie's on Monday of last week, Van Gogh's 134th birthday, was less a market transaction than a quasi-religious rite. The house was being washed in the blood of Vincent, the Lamb of Modernism. (And none too soon, skeptics might say, since less than two years ago the president of Christie's, David Bathurst, had to admit that he had tried to rig the market by falsely announcing he had sold a Van Gogh and a Gauguin.)

The form of the rite divided neatly into three phases. First, the Manifestation, during which *Sunflowers* was exhibited, behind bars, to long queues of curiosity seekers at Christie's. Then the Ascension, or auction proper, in which Vincent's glorified body was raised to the empyrean in 4 minutes 30 seconds, a rate of climb of \$147,700 per second. And third, the Eucharistic Feast. After the sale, Christie's brought out a savory cake in the form of *Sunflowers*, the frame made of flaky pastry, the colors rendered *impasto furioso* in various hues of saffron-tinted cream cheese, the green bits done in spinach, and detail added with studdings of seeds. It was cut up and eaten by the worshipers. No doubt when and if a major Van Gogh self-portrait comes on the block, there will be a distribution of marzipan ears.

Two days later in a lakefront tent at the Hotel Beau-Rivage in Geneva, another event began: the sale of the late Duchess of Windsor's jewelry, organized by Christie's rival auction house Sotheby's. Here was a nominal contrast at least, since though everyone admires Van Gogh, none but a snob or a fantasist (not that we are short of either) could feel much nostalgia for Wallis Simpson and her husband, who abdicated the throne of England in 1936 and was obliged to spend the war years as governor of the Bahamas on account of his thinly veiled Nazi sympathies. Nevertheless, this pair of calcified drones, who wrote to each other in baby talk ("Eanum Pig" was his code for her) but never said a memorable thing to anyone else—except for the Duchess's mot, refuted by her own person, that one cannot be "too rich or too thin"—are still imagined, especially by elderly Americans, to be a modern version of Tristan and Isolde. Hence Sotheby's spent a bundle before the sale hyping the jewels and went into a second printing

with a \$50 catalog that dilated, as though describing the iconography of a Rubens, on such events as the death of the future Duchess's dog Slipper.

The fabled *whatchees* were shown in advance to conclaves of socialites and patient lines of ordinary folk in New York City, Palm Beach, Fla., and Geneva—though not in England, where the dead Windsors have the kind of sociopolitical karma that, in the discreet words of Mar-

cus Linell, a marketing director who was in charge of the sales, "could have spoiled things." Most of the jewelry was florid stuff from the '40s and '50s, of no stylistic distinction, with some good stones and a few inventive settings. None of that mattered. Sotheby's had projected a total sale of \$7.5 million; the two-day affair fetched \$50 million (which, in accordance with the Duchess's will, went for the benefit of medical research at Paris' Pasteur Institute). The well-known bauble collector Elizabeth Taylor phoned in from Los Angeles to pick up a diamond clip for \$565,000.

One thinks of this event as ugly social comedy at one's own risk. Of course such sales are parades. But the point is that they are no more so, these days, than the sale of a Van Gogh. The big auction, as transformed by Sotheby's and Christie's, is now the natural home of all that is most demeaning to the public sense of art. *Sunflowers* was once alive, and now it is dead—as dead as bullion, or Eanum Pig's bracelets.

—By Robert Hughes



At Christie's podium, Auctioneer Ailsopp takes the bidding toward a world record

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Turner's *Seascape: Folkestone*

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Van Gogh's *Landscape with Rising Sun*

Food



Longevity noodles, Chengdu

From Peking To Canton

What's really cooking in China

As more Americans discover the exotic delights of the People's Republic of China and as business contacts between China and the U.S. multiply, there is growing curiosity about the state of Chinese cuisine and the quality of restaurants—what will be offered and how it will taste. To find out, TIME Food Critic Mimi Sheraton spent three weeks tasting a variety of foods in eight cities: Shanghai, Suzhou, Hangzhou, Nanjing, Peking, Xi'an, Chengdu and Canton. Her report:

Chi guo le mei you? That is Chinese for "Have you eaten yet?" and it is a standard greeting in a country where food is considered a subject worthy of the attention of poets and philosophers. For Americans traveling in China, the counterpart seems to be "How is the food?" It is virtually the first question tourists ask when they meet and one that evokes responses ranging from "wonderful" to "terrible." Based on meals and street snacks sampled on a gastronomic long march through China, this visitor can report that all the answers are true. There is indeed wonderful food, as well as some that is terrible, with much more that is merely mediocre. For every delectable experience, like a dinner of impeccable

Peking duck with its glassily crisp skin folded into delicate crépes, there were several depressing meals of bland, grisly meat and canned vegetables swimming in grease, ineptly served in drab and dirty dining rooms.

What the traveler gets depends on many elements, but perhaps the most important are 1) knowing what is available and 2) being willing to spend considerable effort and money to locate the best. In short, one has to care a lot about food. It is possible to wander into a people's restaurant, order dishes seen on other tables and have a delicious meal for about \$5 a person, but the odds are much against such a happy outcome. A more likely experience would be to spend \$375 on a banquet for eight at a gleaming, modern hotel and have an exquisitely presented but virtually tasteless meal for which the delicate petals of a rose are meticulously carved from the Chinese equivalent of Spam.

To avoid disappointment a visitor should have realistic expectations about the restaurants in China today, most of which are below standards set in Hong Kong, Taipei and New York. Despite the country's ancient traditions of cuisine, most chefs now are out of practice when it

comes to fine and careful cooking, and few dining-room staffs know how to serve in anything like first-class style. War, revolution, poverty and a Maoist regime that considered embellishment a manifestation of bourgeois decadence have taken their toll. "We lost the thread of our culinary tradition," says Hu Yulu, the retired chef and now adviser to Shanghai's Jinjiang Hotel. "Our cooking began to decline in the '50s, and we won't even talk about the '60s and '70s, when our most talented chefs left the country," he added. "We have to teach young cooks how traditional Chinese food should taste," agreed Zhang Songqi, secretary-general of the Shanghai International Culture Association, an organization that arranges tours for individuals and small groups interested in special subjects such as art, education or food.

The masters involved in training new chefs take their cue from the admonition of Yuan Mei, the 18th century poet who is considered the Brilat-Savarin of China: "Into no department of life should indifference be allowed to creep—into none less than cookery." Instructors are trying to instill Yuan's philosophy in students at vocational schools and more advanced professional cooking schools in China. Novices first learn the intricacies of chopping and slicing, practicing on potatoes or turnips before they graduate to basic cooking techniques and finally master the classic floral garnishes formed of fruits, vegetables, meat and eggs. As a new generation takes over in the kitchen, the general quality and authenticity of the food promises to improve. But for now, some of the best and most rarefied eating is to be found in hotels and restaurants where older chefs hold sway.

In the quest for good food in China, the most useful quality may be a spirit of adventure. Nowhere is an unprejudiced palate better rewarded. Many foods considered delicacies by the Chinese cause Westerners to shudder. Among such exotica are snake, sea slug, turtle, bird's nests formed of swallows' saliva, dried jellyfish and webs of duck feet. The faint-palated would bypass such choices and thereby miss some of the world's most carefully orchestrated seasonings as well as much of the drama of Chinese food. Snake cut in thin slivers and cooked in a soup suggests the most delicate chicken and, along with earthy black mushrooms, lends savor and body to the broth. Though a bit startling to the eye, thick, dark, firmly gelatinous sea slugs are delicious at Furong in Chengdu, where they are cooked in a velvety, dark sauce that is mellow with wine and fragrant with star anise. This is a sauce that would make even paper towels palatable. Much the same can be said for the rich black-bean-and-garlic sauce that envelops chewy webs of duck feet, and the winy marinade that adds piquancy to cool, translucent slivers of jellyfish that may be nested on pungent pickled vegetables, all usually included in the more lavish cold-appetizer arrangements for banquets.

Most enticing of all for the truly adventurous eater are the humble and succulent



street snacks sold day and night in markets like those off Dongda Street in Xi'an. Here one can choose between the round, steamed, pleated dumplings known as *jiaozi* (or, in the larger size, *baizi*) that are filled with pork and aromatic hot broth, or the juicy, half-fried, half-steamed, pork-stuffed crescents called *guotie*. Breakfast purchased on Shanghai street corners can be the big snowy puffs of yeast buns filled with sweet red-bean paste. All day long there are noodles made of rice, wheat or mung beans, served hot, cold, with gravy or in soup, garnished with wisps of coriander and onions or more substantial bits of pork. (Travelers who want to enjoy the delights of food at unhygienic street stands as well as in the inexpensive, lively people's restaurants should carry their own chopsticks and spoons and an airline-size bottle of vodka, which is handy for cleaning bowls, dishes and cups.)

Such colorful eating brings a bonus in human contacts. Waiters and waitresses are especially solicitous, offering to show foreign guests exactly how to convey a *jiaozi* from plate to mouth with chopsticks so that the dumpling remains intact with no loss of broth. The Westerner who can master the technique may be rewarded with a free meal, plus a tour of the kitchen, where workers grinningly pose for pictures and shyly call, "Hello," the one English word they seem to know.

In Xi'an, this visitor found a spirit of instant camaraderie at Tongshengxiang, a restaurant featuring dishes that are Mongolian-Muslim, the geographic and religious origins of much of this city's population. What pleased the local diners so heartily was a hastily acquired skill at crumpling bits of half-baked yeast buns into a bowl that was then taken to the kitchen where it was brought to a frothy boil along with mutton, beef, noodles, vegetables, coriander and scallions. Puffed up like tiny spaetzle, the bread dumplings fleshed out a satisfying soup that was made fiery, sharp and aro-



Clockwise: Shang-hai eight-jewel script for "Have you eaten yet?"; at the Chengdu market; cold appetizers at Fangshan in Peking.



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Clockwise: script for "regional cooking"; marketplace; noodle chef; dumplings; mushrooms and cabbage "fish"

地方特色



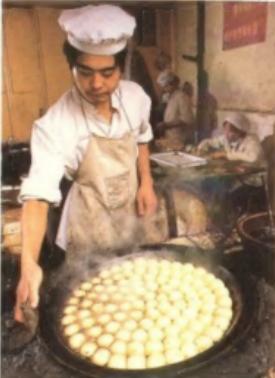
matic with additions of chili and sesame oils, and winy, amber-colored aged vinegar. Many *ganbei*, or toasts, drunk with the strong-smelling mao-tai whisky, cloyingly sweet orange soda or cool, refreshing Chinese beer were raised.

Food has its operatic side in China, and anyone who savors local color will be repeatedly drawn to the street food markets, like Canton's Qingping, an enormous, dazzling maze where private enterprise is allowed to thrive. Here, more than in the sparsely stocked indoor government markets, are stacks of jade green cabbages, gigantic leeks, silvery winter melons, woodsy mushrooms, mounds of gnarled ginger roots, pomegranates and persimmons, displayed alongside skeins of noodles, fish swimming in vats of running water, and live geese and ducks, sitting sleepily in place with their feet tied together. Also live in crates and on sale as food are kittens, puppies and monkeys, as well as snakes writhing in shallow pools. (The Westerner need not fear that such animals will appear without notice on his plate. All are expensive and are prepared in specialty restaurants or at banquets.)

Amid the jumble of stalls, dense with the flow of human traffic and clattering with the din of vendors hawking wares, shoppers poke animals for tenderness and watch closely as purchases are weighed in hand-held balance scales, and mothers quiet crying children with cuts of sugarcane or towering lollipops of golden caramelized sugar pulled into flamboyant dragons.

An air of plenty also prevails in the bakeries selling moon cakes, a delicacy favored during the autumn harvest-moon festival. Shoppers line up for these heavy round pastries, embossed with good-luck symbols and filled with candied fruits or spiced meats, much like mincemeat.

Yet despite this apparent abundance, there are persistent shortages of fresh vegetables, fish and high-quality meat, more marked in some cities than in others. In Shanghai, for example, shoppers with families to feed will go to market at 4:30 or 5 in the morning; by noon in



Peking, vegetable stalls are often out of everything except onions and cabbages.

Small wonder, then, that the best quality of such basic staples as tea, rice and oil is not used in ordinary restaurants. An overabundance of oil is a complaint most Westerners make about the food. But to the Chinese, oil is a sign of opulence, and so it is often poured generously. Yet quantity seems less a problem than quality. In the cheapest restaurants oil generally had a harsh, acrid flavor, a result of either poor processing or having been reused. The practice is not uncommon in American Chinese restaurants. Those who are sensitive to MSG (monosodium glutamate) have an even more difficult time, for that flavor enhancer is virtually ubiquitous. The only solution would be to order Western food in advance in the dining rooms of tourist hotels.

China's system of restaurant organization seems to cater to foreigners and to take great pains to please them. Restaurants are generally laid out on two or three levels. The street level offers the simplest food at the lowest prices, as well as poor sanitary conditions that usually include cuspidors near all

tables. The second floor is slightly cleaner, has a larger menu and somewhat higher prices, though it is primarily frequented by Chinese. Most foreigners are shown to the top floor for pre-ordered meals at the highest prices and in what the Chinese consider the most attractive surroundings. That may mean a genuinely handsome setting or a seedy, badly lighted room in need of fresh paint and curtains. Hotels have similarly layered facilities. (Hotels also have the cleanest public bathrooms, a feature that tourists come to cherish early on.)

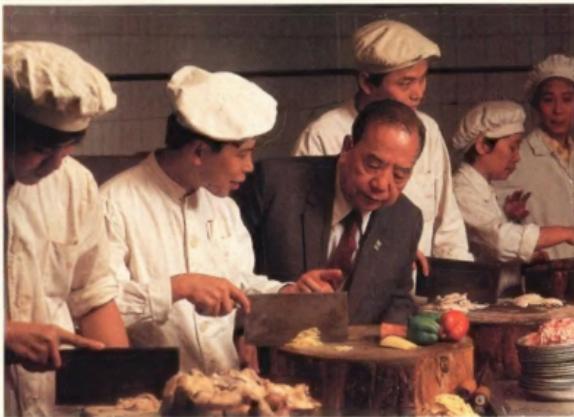
Many American visitors are insulted when they are directed to the private rooms or segregated sections of dining rooms; they feel an attempt is being made to separate foreigners from locals. Yet there appears to be genuinely hospitable planning behind the division. In addition to being cleaner, tourist sections provide menus with English translations. Nevertheless, foreigners who insist on being seated on the lower floors will be.

Any Chinese dish, by the way, is likely to be better than a Western-style choice, judging by the sorry fare offered at places

Food

Clockwise: script for "flavoring"; cooks train at Shanghai's Jinjiang Hotel; mosaic of appetizers, Peking

調味



such as the Golden Flower Hotel in Xi'an, the Jinjiang Guest House in Chengdu and the somewhat macabre copy of the Parisian Maxim's in Peking. Even Chinese breakfasts of rice porridge, pickles, pork and dumplings surpass their Western counterparts, although there were excellent room-service breakfasts at the Jinling Hotel in Nanjing and the luxurious White Swan Hotel in Canton.

As for beverages, tap water cannot be used, even for ice or brushing teeth, but most hotels supply unlimited quantities of boiled water, hot and cold. With food, the best choices are bottled mineral waters and the excellent, clean-tasting Chinese beer, both preferable to the flowery local wines. And jasmine or chrysanthemum teas are

more pleasant than the ordinary rough green and black teas.

The future for restaurant hopping in China looks bright, since there has been much improvement during the past five years in food, service and cleanliness. Most progressive of all are the joint-venture operations that are cooperative efforts between the Chinese government and a foreign corporation that sets up procedures, provides management personnel and trains the local staff.

Few Western visitors in China choose restaurants for themselves. Most are in tour groups; the arrangement may or may not lead to good food, depending on the knowledge and diligence of the travel agency and the price of the tour. It is best to tell the

agency of any special restaurants one wants to visit so that arrangements can be made. In addition, individuals or small groups can go off to restaurants on their own, although because of the language barrier it is best to have the hotel or tour guide engage a taxi and call the restaurant. Even so, reservations may not be honored unless a deposit or, at times, the full price of the meal has been paid in advance.

Fortunately, there is a greater choice of food in China than there has been for several generations. If such progress continues, Americans in China may feel almost too much at home as menus begin to offer choices from columns A and B and meals wind up with fortune cookies.

—By Mimi Sheraton

Where the Good Food Is

SHANGHAI. Jinjiang Hotel, eleventh floor, north building.* A handsome setting for Peking duck and Sichuan specialties. *Old Town Restaurant* (Lao Fandian). This clean but worn upstairs dining room serves eight-jewel stuffed duck and authentic Shanghai fare.

Friendship Restaurant. Cantonese food such as suckling pig and steamed fish with scallions, in modern dining rooms. *Longhua Temple Restaurant*, in the southwest corner of the city. Ingenious vegetarian versions of classic dishes.

SUZHOU. Songhelou. Chef Zhan Qinbiao is famous for fried squirlfish and other delicately garnished local dishes. *Huangtianyuan* on Guanqian Street. A clean, inexpensive cafe for noodles. No. 17 Guanqian Street. Juicy, meat-filled steamed and fried guozi dumplings.

PEKING. Fangshan. Banquets in the dining room of the Imperial Court. Order cold appetizers and dessert savories.

*Location noted only when obscure or if more than one restaurant has the same name.

Fengzeyuan. Clean though drab setting for silver-thread bread rolls, flower prawns, sautéed duck liver.

Jinfeng Baozi Shop. A mass restaurant for inexpensive dumpling snacks.

XIAN. Tongshengxiang Restaurant, across from the Bell Tower Hotel. Serving Muslim appetizers and soups.

Qingyazai on Dongda Street. Mongolian hot pot. *Jaozi Restaurant.* Thirty kinds of thimble-size dumplings make up the 15-course dinner in festive rooms.

CHENGDU. Mingshan. A café for Sichuan dishes. Sweet longevity noodles make a delicious dessert signifying long life.

Furong. Excellent Sichuan food in orderly but shabby rooms. Try rabbit with orange, carp with scallions, squab-egg soup. *Chengdu Restaurant* (not the hotel). A casual spot for such Sichuan food as tea-smoked goose and chicken with peanuts.

CANTON. Belyuan. A graceful old restaurant for dim sum or fine Cantonese dishes such as roast pigeon and snakehead fish on broccolini.

Guangzhou Restaurant (not the hotel). A modern Cantonese favorite. Try "drunken" crab in clay pot, grass carp.

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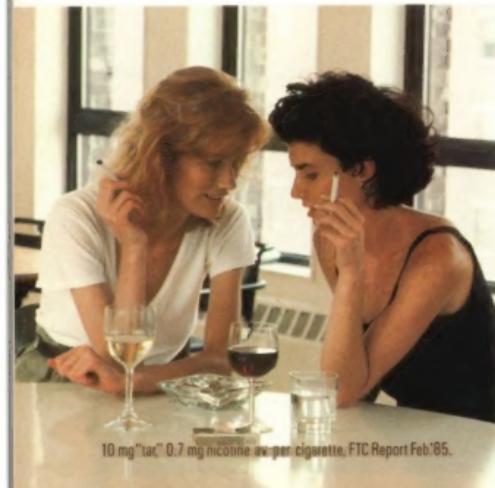
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